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As submitted to the Securities and Exchange Commission on December 24, 2013

Registration No. 333-191797

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

AMENDMENT NO. 2
TO

FORM S-1

REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

NRG Energy, Inc.

(Exact name of Registrant as specified in its charter)

Delaware	**4911**	**41-1724239**
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

211 Carnegie Center, Princeton, NJ 08540
Telephone: (609) 524-4500
(Address, including zip code, and telephone number, including area code, of Registrant's principal executive offices)

Brian Curci
Deputy General Counsel and Corporate Secretary
211 Carnegie Center
Princeton, NJ 08540
Telephone: (609) 524-4500
(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

Katayun I. Jaffari
Ballard Spahr LLP
1735 Market St., 51st Floor
Philadelphia, PA 19103
Telephone: (215) 864-8475

Approximate date of commencement of proposed sale to the public:
As soon as practicable after the effective date of this Registration Statement.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box: ☒

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒	Accelerated filer ☐	Non-accelerated filer ☐ (Do not check if a smaller reporting company)	Smaller reporting company ☐

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Maximum Aggregate Offering Price(1)	Amount of Registration Fee(2)
Common Stock, $0.01 par value	$350,000,000	$45,080.00(3)

(1) The number of the shares distributed under this prospectus will be determined based on a price per share of $27.62, which price was determined in accordance with the Plan Sponsor Agreement, by and among NRG Energy, Inc., Edison Mission Energy and certain of its debtor subsidiaries, the Official Committee of Unsecured Creditors of Edison Mission Energy and its debtor subsidiaries, the PoJo Parties (as defined therein) and the proponent noteholders thereto, based on the volume-weighted average trading price of such shares over the 20 trading days prior to October 18, 2013.

(2) Solely for the purpose of computing the amount of the registration fee pursuant to Rule 457(o) under the Securities Act of 1933, as amended.

(3) This amount was previously paid in connection with the initial filing of this Registration Statement.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

EXPLANATORY NOTE

This prospectus relates to shares of NRG Energy, Inc. common stock to be distributed by Edison Mission Energy, or EME, in connection with a chapter 11 plan of reorganization, or the Plan, under chapter 11 of title 11 of the United States Code, or the Bankruptcy Code.

On December 17, 2012, EME and certain of its direct and indirect subsidiaries filed voluntary petitions for relief under the Bankruptcy Code in the United States Bankruptcy Court for the Northern District of Illinois, or the Bankruptcy Court. EME was deconsolidated from its parent company, Edison International, or EIX, for financial statement purposes but not for tax purposes as of December 17, 2012. On May 2, 2013, certain other subsidiaries of EME filed voluntary petitions for relief under the Bankruptcy Code.

On October 18, 2013, NRG and NRG Energy Holdings Inc., a wholly owned subsidiary of NRG, or NRG Holdings, entered into a Plan Sponsor Agreement with EME, certain of EME's debtor subsidiaries, the Official Committee of Unsecured Creditors of EME and its debtor subsidiaries, the PoJo Parties (as defined in the Plan Sponsor Agreement) and certain of EME's noteholders that are signatories to such agreement, or the Plan Sponsor Agreement, which provides for the parties to pursue confirmation by the Bankruptcy Court of the Plan that will implement a reorganization of EME and such debtor subsidiaries. Pursuant to the Plan Sponsor Agreement, on October 18, 2013, NRG entered into an Asset Purchase Agreement, or the Purchase Agreement, with EME and NRG Holdings, or the Purchaser, which provides for the acquisition of substantially all of EME's assets, including its equity interests in certain of its direct subsidiaries and thereby such subsidiaries' assets and liabilities, by the Purchaser upon confirmation of the Plan by the Bankruptcy Court. On October 25, 2013, the Bankruptcy Court approved the Plan Sponsor Agreement.

On November 15, 2013, EME and each of its direct and indirect subsidiaries that filed for relief under the Bankruptcy Code filed the Plan and a related chapter 11 disclosure statement with the Bankruptcy Court in connection with the transactions contemplated by the Plan Sponsor Agreement. If the Plan receives the required approval from EME's creditors that are entitled to vote on the Plan, it is expected to be confirmed on February 19, 2014.

Pursuant to the Purchase Agreement, NRG will pay a total purchase price of $2,635 million in exchange for the acquired assets of EME, of which $1,063 million consists of acquired cash. The purchase price is subject to certain adjustments provided in the Purchase Agreement. The Purchase Agreement provides that $350 million of the total purchase price payable by NRG in exchange for the acquired assets of EME will be paid in newly issued, registered shares of NRG's common stock and the remainder will be paid in cash. EME will distribute the shares acquired by EME pursuant to the Purchase Agreement to its unsecured creditors in accordance with the Plan. The price of the shares sold to EME under the Purchase Agreement will be $27.62 per share, which price was determined in accordance with the Plan Sponsor Agreement based on the volume-weighted average trading price of such shares over the 20 trading days prior to October 18, 2013. NRG will assume non-recourse debt of approximately $1,545 million, subject to adjustment, of which $273 million is associated with assets designated as Non-Core Assets (as defined in the Purchase Agreement) pursuant to the Purchase Agreement. This registration statement is being filed to be used by EME, the selling shareholder hereunder, to distribute the shares of common stock that will be issued under the Purchase Agreement and pursuant to the Plan. NRG will not receive any proceeds from the distribution of the shares by EME.

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The information in this preliminary prospectus is not complete and may be changed. The selling stockholders may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and the selling stockholders are not soliciting an offer to buy these securities in any state or jurisdiction where the offer or sale is not permitted.

PRELIMINARY PROSPECTUS SUBJECT TO COMPLETION DATED DECEMBER 24, 2013

NRG Energy, Inc.

12,671,977 Shares of Common Stock

This prospectus relates to the distribution of 12,671,977 shares of our common stock by Edison Mission Energy, or EME, the selling stockholder under this prospectus, pursuant to a chapter 11 plan of reorganization, or the Plan, under chapter 11 of title 11 of the United States Code, or the Bankruptcy Code. The 12,671,977 shares of common stock covered by this prospectus will be sold by us to EME pursuant to an Asset Purchase Agreement, or the Purchase Agreement, dated October 18, 2013, by and among EME, NRG Energy, Inc., or NRG, and NRG Energy Holdings Inc., a wholly owned subsidiary of NRG, or the Purchaser. Pursuant to the Purchase Agreement, the Purchaser will acquire substantially all of EME's assets, including its equity interests in certain of its direct subsidiaries and thereby such subsidiaries' assets and liabilities. As partial consideration for the acquisition of certain assets of EME by the Purchaser under the Purchase Agreement, we will issue shares of our common stock to EME. EME, as a selling stockholder under this prospectus and as a statutory underwriter, will distribute such shares to its unsecured creditors in accordance with the Plan. We provide more information about how EME will distribute the shares of common stock in the section titled "Plan of Distribution" on page 27 of this prospectus. The shares of common stock registered under this prospectus represent an aggregate amount of $350 million of the total consideration paid in the acquisition.

We will not receive any cash proceeds from the sale of shares registered under this prospectus.

Our common stock is listed on the New York Stock Exchange under the symbol "NRG." On December 23, 2013, the closing sale price of our common stock on the New York Stock Exchange was $28.37.

Investing in our common stock involves risks that are described in the "Risk Factors" section beginning on page 10 of this prospectus.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is December , 2013

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You should rely only on the information contained in, or incorporated by reference in, this prospectus. We have not authorized anyone else to provide you with different or additional information. This prospectus does not offer to sell or solicit any offer to buy any shares of our common stock in any jurisdiction where such is unlawful. You should not assume that the information in this prospectus or in any document incorporated by reference is accurate as of any date other than the date on the front cover of the applicable document.

You should read carefully the entire prospectus, as well as the documents incorporated by reference in the prospectus, before making an investment decision.

Unless the context provides otherwise, references herein to "we," "us," "our," "our company," or "NRG" refer to NRG Energy, Inc., together with its consolidated subsidiaries and references to "Issuer" or "Registrant" refer to NRG Energy, Inc., exclusive of its subsidiaries.

Industry and Market Data

This prospectus includes industry data and forecasts that we obtained from industry publications and surveys, public filings and internal company sources. Industry publications and surveys and forecasts generally state that the information contained therein has been obtained from sources believed to be reliable, but there can be no assurance as to the accuracy or completeness of the included information. Statements as to our market position and market estimates are based on independent industry publications, government publications, third-party forecasts, management's estimates and assumptions about our markets and our internal research. While we are not aware of any misstatements regarding the market, industry or similar data presented herein or incorporated herein by reference, such data involve risks and uncertainties and are subject to change based on various factors, including those discussed under the headings "Special Note Regarding Forward-Looking Statements" and "Risk Factors" in this prospectus.

Trademarks and Trade Names

We own or have rights to various trademarks, service marks and trade names that we use in connection with the operation of our business. This prospectus may also contain trademarks, service marks and trade names of third parties, which are the property of their respective owners. Our use or display of third parties' trademarks, service marks, trade names or products in this prospectus is not intended to, and should not be read to, imply a relationship with or endorsement or sponsorship of us. Solely for convenience, the trademarks, service marks and trade names referred to in this prospectus may appear without the ®, TM or SM symbols, but such references are not intended to indicate, in any way, that we will not assert, to the fullest extent under applicable law, our rights or the right of the applicable licensor to these trademarks, service marks and trade names.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus, including the information incorporated into this prospectus by reference, contains "forward-looking statements," which involve risks and uncertainties. All statements, other than statements of historical facts, that are included in or incorporated by reference into this prospectus, or made in presentations, in response to questions or otherwise, that address activities, events or developments that we expect or anticipate to occur in the future, including such matters as projections, capital allocation, future capital expenditures, business strategy, competitive strengths, goals, future acquisitions or dispositions, development or operation of power generation assets, market and industry developments and the growth of our business and operations (often, but not always, through the use of words or phrases such as "will likely result," "are expected to," "will continue," "is anticipated," "estimated," "projection," "target," "goal," "objective" and "outlook"), are forward-looking statements. Although we believe that in making any such forward-looking statement our expectations are based on reasonable assumptions, any such forward-looking statement involves uncertainties and is qualified in its entirety by reference to the discussion of risk factors under "Risk Factors" contained elsewhere in this prospectus and in the section captioned "Risk Factors Related to NRG Energy, Inc." of our Annual Report on Form 10-K for the fiscal year ended December 31, 2012, or our 2012 Form 10-K, which is incorporated into this prospectus by reference, and the following important factors, among others, that could cause our actual results to differ materially from those projected in such forward-looking statements:

- General economic conditions, changes in the wholesale power markets and fluctuations in the cost of fuel;
- Volatile power supply costs and demand for power;
- Hazards customary to the power production industry and power generation operations such as fuel and electricity price volatility, unusual weather conditions, catastrophic weather-related or other damage to facilities, unscheduled generation outages, maintenance or repairs, unanticipated changes to fuel supply costs or availability due to higher demand, shortages, transportation problems or other developments, environmental incidents, or electric transmission or gas pipeline system constraints and the possibility that we may not have adequate insurance to cover losses as a result of such hazards;
- The effectiveness of our risk management policies and procedures, and the ability of our counterparties to satisfy their financial commitments;
- Counterparties' collateral demands and other factors affecting our liquidity position and financial condition;
- Our ability to operate our businesses efficiently, manage capital expenditures and costs tightly, and generate earnings and cash flows from our asset-based businesses in relation to our debt and other obligations;
- Our ability to enter into contracts to sell power and procure fuel on acceptable terms and prices;
- The liquidity and competitiveness of wholesale markets for energy commodities;
- Government regulation, including compliance with regulatory requirements and changes in market rules, rates, tariffs and environmental laws and increased regulation of carbon dioxide and other greenhouse gas emissions;
- Price mitigation strategies and other market structures employed by independent system operators or regional transmission organizations that result in a failure to adequately compensate our generation units for all of their costs;

- Our ability to borrow additional funds and access capital markets, as well as our substantial indebtedness and the possibility that we may incur additional indebtedness going forward;
- Our ability to receive federal loan guarantees or cash grants to support development projects;
- Operating and financial restrictions placed on us and our subsidiaries that are contained in the indentures governing our outstanding notes, in our senior credit facility, and in debt and other agreements of certain of our subsidiaries and project affiliates generally;
- Our ability to implement our strategy of developing and building new power generation facilities, including new solar projects;
- Our ability to implement our econrg strategy of finding ways to address environmental challenges while taking advantage of business opportunities;
- Our ability to implement our FORNRG strategy to increase cash from operations through operational and commercial initiatives, corporate efficiencies, asset strategy, and a range of other programs throughout our company to reduce costs or generate revenues;
- Our ability to achieve our strategy of regularly returning capital to shareholders;
- Our ability to maintain retail market share;
- Our ability to successfully evaluate investments in new business and growth initiatives;
- Our ability to successfully integrate and manage any acquired businesses; and
- Our ability to develop and maintain successful partnership relationships.

Any forward-looking statement speaks only as of the date on which it is made, and except as may be required by applicable law, we undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which it is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time, and it is not possible for us to predict all of them; nor can we assess the impact of each such factor or the extent to which any factor, or combination of factors, may cause results to differ materially from those contained in any forward-looking statement. You should not unduly rely on such forward-looking statements.

PROSPECTUS SUMMARY

The following summary highlights information contained elsewhere in this prospectus or incorporated by reference into this prospectus. It does not contain all the information you need to consider in making your investment decision. Before making an investment decision, you should read this entire prospectus carefully, including the information set forth in the section entitled "Risk Factors" and all of the information that is incorporated by reference into this prospectus. See the section entitled "Incorporation by Reference."

Unless the context provides otherwise, references herein to "we," "us," "our," "our company," "the Company," or "NRG" refer to NRG Energy, Inc., together with its consolidated subsidiaries and references to "Issuer" or "Registrant" refer to NRG Energy, Inc., exclusive of its subsidiaries.

Our Business

We are a competitive power and energy company that aspires to be a leader in the way the industry and consumers think about, use, produce and deliver energy and energy services in major competitive power markets in the United States. First, at our core, we are a wholesale power generator engaged in the ownership and operation of power generation facilities; the trading of energy, capacity and related products; and the transacting in and trading of fuel and transportation services. Second, while leveraging our core wholesale power business, we are a retail energy company engaged in the supply of energy, services, and innovative, sustainable products to retail customers in competitive markets through multiple channels and brands like Reliant Energy, Green Mountain Energy, and NRG Residential Solutions. Finally, we are a clean energy leader and are focused on the deployment and commercialization of potentially disruptive technologies, like electric vehicles, solar power produced for customers on site, or distributed solar projects, and smart meter technology, which have the potential to change the nature of the power supply industry.

The following table summarizes our global generation portfolio as of September 30, 2013, by operating segment, which includes 86 fossil fuel plants, nine solar power facilities connected to the grid to sell wholesale power, or utility scale solar, facilities, and four wind farms, as well as distributed solar facilities. Also included is one utility scale solar facility and additional distributed solar facilities currently under construction, and one utility scale facilities partially in-service. All utility scale and distributed solar facilities are described as in megawatts, or MW, on an alternating current basis. MW figures provided represent nominal summer net megawatt capacity of power generated as adjusted for our ownership position excluding capacity from inactive/mothballed units.

	Fossil Fuel, Nuclear and Renewable (in MW)								
Generation Type	Texas	East	South Central	West	Alternative Energy	NRG Yield(a)	Total Domestic	Other (International)	Total Global
Natural Gas	5,927	7,651	3,817	6,779	—	843	25,017	—	25,017
Coal	4,193	7,272	1,496	—	—	—	12,961	605	13,566
Oil(b)	—	5,533	—	—	—	190	5,723	—	5,723
Nuclear	1,176	—	—	—	—	—	1,176	—	1,176
Wind	—	—	—	—	347	101	448	—	448
Utility scale solar	—	—	—	—	406	253	659	—	659
Distributed solar	—	—	—	—	37	10	47	—	47
Total generation capacity	11,296	20,456	5,313	6,779	790	1,397	46,031	605	46,636
Capacity attributable to noncontrolling interest	—	—	—	—	(142)	(482)	(624)	—	(624)
Total net generation capacity	11,296	20,456	5,313	6,779	648	915	45,407	605	46,012
Under Construction									
Utility scale solar	—	—	—	—	444	50	494	—	494
Distributed solar	—	—	—	—	6	—	6	—	6
Total under construction	—	—	—	—	450	50	500	—	500
Capacity attributable to noncontrolling interest	—	—	—	—	(195)	(17)	(212)	—	(212)
Total net under construction	—	—	—	—	255	33	288	—	288

(a) NRG sold 34.5% of its ownership in NRG Yield LLC, consisting of 499 MWs, in July 2013.

(b) The NRG Yield operating segment consists of two dual-fuel (natural gas and oil) simple-cycle generation facilities.

In addition, our thermal assets provide steam and chilled water capacity of approximately 1,098 MW thermal equivalents through our district energy business.

Our generation facilities are primarily located in the United States and comprise generation facilities across the merit order. The sale of capacity and power from baseload and intermediate generation facilities accounts for a majority of our generation revenues. In addition, our generation portfolio provides us with opportunities to capture additional revenues by selling power during periods of peak demand, offering capacity or similar products, and providing ancillary services to support system reliability.

Our retail business arranges for the transmission and delivery of energy-related products to customers, bills customers, collects payments for products sold, and maintains call centers to provide customer service. The retail business sells products that range from system power to bundled products, which combine system power with protection products, energy efficiency and renewable energy solutions, or other value added products and services, including customer rewards offered through exclusive loyalty and affinity program partnerships. Based on metered locations, as of September 30, 2013, our retail business served approximately 2.3 million residential, small business, and commercial and industrial customers.

Our investment in, and development of, new technologies is focused on identifying significant commercial opportunities and creating a comparative advantage for us. Our development and investment initiatives are primarily focused in the areas of distributed solar projects, solar thermal and

solar photovoltaic, and also include other low-or no-green-house gas emitting energy generating sources, such as the fueling infrastructure for electric vehicle ecosystems.

GenOn Acquisition

On December 14, 2012, we completed the previously announced merger, or the GenOn Merger, with GenOn Energy, Inc., or GenOn, in accordance with a merger agreement dated as of July 20, 2012, or the GenOn Merger Agreement, with GenOn continuing as a wholly owned subsidiary of NRG. Details of the merger and its accounting treatment are described in our 2012 Form 10-K.

NRG Yield, Inc. Spin-Off

In July 2013, NRG Yield, Inc., formerly a wholly owned subsidiary of NRG, completed its initial public offering of shares of its Class A common stock. We formed NRG Yield, Inc. to own and operate a portfolio of contracted generation assets and thermal infrastructure assets that have historically been owned and/or operated by us and our subsidiaries. On July 22, 2013, NRG Yield, Inc. closed its initial public offering of 22,511,250 shares of Class A common stock at a price of $22 per share.

Acquisition of EME Assets and Distribution by EME of NRG Common Stock Pursuant to the Plan

On December 17, 2012, EME and certain of its direct and indirect subsidiaries filed voluntary petitions for relief under the Bankruptcy Code in the United States Bankruptcy Court for the Northern District of Illinois, or the Bankruptcy Court. EME was deconsolidated from its parent company, EIX, for financial statement purposes but not for tax purposes as of December 17, 2012. On May 2, 2013, certain other subsidiaries of EME filed voluntary petitions for relief under the Bankruptcy Code.

On October 18, 2013, NRG and the Purchaser entered into a Plan Sponsor Agreement with EME, certain of EME's debtor subsidiaries, the Official Committee of Unsecured Creditors of EME and its debtor subsidiaries, or the Committee, the PoJo Parties (as defined in the Plan Sponsor Agreement) and certain of EME's noteholders that are signatories to such agreement, which provides for the parties to pursue confirmation by the Bankruptcy Court of the Plan that will implement a reorganization of EME and its debtor subsidiaries. Pursuant to the Plan Sponsor Agreement, on October 18, 2013, NRG entered into a Purchase Agreement with EME and the Purchaser, a wholly owned subsidiary of NRG, which provides for the acquisition of substantially all of EME's assets, including its equity interests in certain of its direct subsidiaries and thereby such subsidiaries' assets and liabilities, by the Purchaser upon confirmation of the Plan by the Bankruptcy Court, referred to herein as the Acquisition. On October 25, 2013, the Bankruptcy Court approved the Plan Sponsor Agreement.

On November 15, 2013, EME and each of its direct and indirect subsidiaries that filed for relief under the Bankruptcy Code filed the Plan and a related chapter 11 disclosure statement with the Bankruptcy Court in connection with the Acquisition contemplated by the Plan Sponsor Agreement. If the Plan receives the required approval from EME's creditors that are entitled to vote on the Plan, it is expected to be confirmed by the Bankruptcy Court on February 19, 2014.

Pursuant to the Purchase Agreement, as described below, a portion of the purchase price to be paid by NRG in exchange for the acquired assets of EME will be paid in newly issued, registered shares of NRG's common stock. EME will distribute the newly issued shares of NRG common stock in accordance with the terms and conditions of the Plan, and will not occur until the transactions contemplated by the Plan are consummated and the Plan becomes effective. The Plan generally will provide for each of EME's unsecured creditors to receive a pro rata portion of (i) the total amount of the newly issued shares of NRG common stock and (ii) certain cash proceeds. After the sale under the Plan, creditors of EME that receive shares of NRG common stock pursuant to the Plan will be stockholders of NRG.

The following is a summary of certain material terms of the Purchase Agreement and the Plan Sponsor Agreement. This summary does not include a description of all of the terms, conditions and provisions of the Purchase Agreement and the Plan Sponsor Agreement and is qualified by reference to the complete text of the Purchase Agreement and the Plan Sponsor Agreement, which are attached as exhibits to the registration statement of which this prospectus is a part and incorporated by reference herein.

Purchase Agreement

The Purchase Agreement provides for the acquisition by the Purchaser of substantially all of EME's and certain of EME's debtor subsidiaries' assets and the assumption of certain liabilities, other than the acquisition of certain excluded assets and the assumption of certain liabilities. The assets acquired include the outstanding equity interests in certain of EME's direct subsidiaries and thereby such subsidiaries' assets and liabilities, EME's cash and cash equivalents, and EME's interest in substantially all of the other assets used in the operation of EME's and its subsidiaries' businesses. The Purchaser will assume substantially all of the liabilities related to the acquired assets, including, among other things, (1) all liabilities of EME under those certain leveraged leases relating to the Powerton station and Units 7 and 8 of the Joliet station, which EME's indirect subsidiary, Midwest Generation, LLC, or MWG, leases from third-party lessors pursuant to a sale-leaseback transaction completed in August 2000, or the PoJo Leases, other than certain amounts owed by MWG relating to past due amounts owing under the PoJo Leases as set forth in the Purchase Agreement; (2) all trade and vendor accounts payable and accrued liabilities arising from the operation of EME's and certain of its debtor subsidiaries' businesses prior to the date of the closing of the Acquisition; and (3) all cure amounts and other liabilities of EME and certain of its debtor subsidiaries (other than Chestnut Ridge Energy Company, Edison Mission Energy Services, Inc., Edison Mission Finance Co., Edison Mission Holdings Co., EME Homer City Generation L.P., Homer City Property Holdings, Inc., and Mission Energy Westside, Inc. and certain agreed-upon excluded liabilities).

Purchase Price

Pursuant to the Purchase Agreement, NRG shall pay a total purchase price of $2,635 million to be paid by NRG in exchange for the acquired assets of EME, of which $1,063 million consists of acquired cash. The purchase price is subject to certain adjustments provided in the Purchase Agreement. The Purchase Agreement provides that $350 million of the total purchase price payable by NRG in exchange for the acquired assets of EME will be paid in newly issued, registered shares of NRG's common stock and the remainder will be paid in cash. EME, as the selling stockholder under this prospectus, will distribute the shares acquired by EME pursuant to the Purchase Agreement to its unsecured creditors in accordance with the Plan, which shares will be freely tradable by such creditors that are not affiliates of NRG. The price of the shares sold to EME under the Purchase Agreement will be $27.62 per share, which price was determined in accordance with the Plan Sponsor Agreement based on the volume-weighted average trading price of such shares over the 20 trading days prior to October 18, 2013. NRG will assume non-recourse debt of approximately $1,545 million, subject to adjustment, of which $273 million is associated with assets designated as Non-Core Assets (as defined in the Purchase Agreement) pursuant to the Purchase Agreement.

Closing Conditions

The Purchase Agreement contains customary conditions to closing, including confirmation of the Plan by the Bankruptcy Court, receipt of approval from the FERC, expiration of the waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, effectiveness of the registration statement of which this prospectus is a part, and approval for listing of the shares registered under this prospectus on the New York Stock Exchange. Pursuant to the PoJo Lease Modifications (as defined in

the Purchase Agreement), at the closing of the Acquisition, NRG would (i) replace the existing EME guarantees with NRG guarantees, (ii) replace EME as a party to the tax indemnity agreements relating to the Powerton and Joliet facility leases, and (iii) covenant to make a capital investment in the Powerton and Joliet facilities, provided that NRG will not be obligated to make capital investments in excess of $350 million. In consideration of the foregoing, at the closing of the Acquisition, the estate of EME would retain all liabilities relating to the payment of the Agreed PoJo Cure Amount (as defined in the Purchase Agreement), the intercompany note issued by EME for the benefit of MWG, a debtor subsidiary of EME, would be extinguished, MWG would assume the Powerton and Joliet facility leases and the other operative documents related thereto, as modified by mutual agreement of the parties thereto and all monetary defaults under each lease will be cured at closing.

Covenants

EME was permitted solicit alternative transactions from third parties through December 6, 2013, after which EME may not solicit proposals from or negotiate with any third party. NRG will receive copies of all written bona fide offers received on or after October 18, 2013. If EME's board of directors determines, consistent with its fiduciary duties, that another proposal or proposals is better for EME and its stakeholders than the terms of the Acquisition, or a Superior Proposal, then NRG will have advance notice of EME's intention to terminate the Purchase Agreement. EME may terminate the Purchase Agreement in order to enter into a Superior Proposal at any time prior to entry of a confirmation order.

Termination Rights

The Purchase Agreement and the Plan Sponsor Agreement provide specific termination rights to each party, which include a right to terminate if certain milestone dates are not met, for material breaches of either agreement not cured within a specified period or if EME enters into or seeks approval of a Superior Proposal. Under specified circumstances, including if EME enters into or seeks approval of a Superior Proposal, NRG will be entitled to receive a cash fee of $65 million, or the Termination Fee, and expense reimbursement of all reasonable and documented out-of-pocket expenses, or the Expense Reimbursement, if the Purchase Agreement is terminated. The Termination Fee and the Expense Reimbursement are referred to collectively herein as the Plan Sponsor Protections.

Plan Sponsor Agreement

The Plan Sponsor Agreement contains representations and warranties, and covenants of the parties to pursue confirmation of the Plan. The Bankruptcy Court approved the Plan Sponsor Agreement and the Plan Sponsor Protections on October 24, 2013, and the Plan Sponsor Protections became effective on that date.

Pursuant to the Plan Sponsor Agreement and the Purchase Agreement, NRG is required to use reasonable best efforts to cause the registration statement of which this prospectus is a part to become effective on or before closing. NRG's obligation to cause the registration statement of which this prospectus is a part to become effective is subject to customary covenants, representations, warranties and other conditions. NRG is required to use reasonable best efforts to have the registration statement of which this prospectus is a part declared effective as promptly as reasonably practicable after its filing with the SEC and to keep such registration statement effective until at least the thirtieth day after the Plan Effective Date (as defined in the Plan Sponsor Agreement).

Business Strategy

Our business is focused on: (i) excellence in safety and operating performance of our existing assets; (ii) serving the energy needs of end-use residential, commercial and industrial customers in competitive markets through multiple brands and channels with a variety of retail energy products and services differentiated by innovative features, premium service, sustainability, and loyalty/affinity programs; (iii) optimal hedging of generation assets and retail load operations; (iv) repowering of power generation assets at premium sites; (v) investing in, and deploying, alternative energy technologies both in our wholesale and, particularly, in and around our retail business and our customers; (vi) pursuing selective acquisitions, joint ventures, divestitures and investments; and (vii) engaging in a proactive capital allocation plan focused on achieving the regular return of and on stockholder capital within the dictates of prudent balance sheet management.

In addition, our company created NRG Yield, Inc. to enhance value for our stockholders by seeking to achieve the following objectives: (i) gain access to an alternative investor base with a more competitive source of equity capital that would accelerate NRG Yield, Inc.'s long-term growth and acquisition strategy and optimize the NRG Yield, Inc. capital structure; (ii) highlight the value inherent in the contracted conventional and renewable generation and thermal infrastructure assets by separating them from other NRG non-contracted assets; and (iii) create a pure-play public issue with operating, financial and tax characteristics that we believe will appeal to dividend growth-oriented investors seeking exposure to the contracted power sector.

We believe that the U.S. energy industry is going to be increasingly impacted by the long-term societal trend towards sustainability which is both generational and irreversible. Moreover, the information technology-driven revolution, which has enabled greater and easier personal choice in other sectors of the consumer economy, will do the same in the U.S. energy sector over the years to come. As a result, energy consumers are expected to have increasing personal control over whom they buy their energy from, how that energy is generated and used and what environmental impact these individual choices will have. Our initiatives in this area of future growth are focused on: (i) renewables, with a concentration in solar development; (ii) electric vehicle ecosystems; (iii) customer-facing energy products and services, including smart energy services that give consumers individual energy insights, choices and convenience, a variety of renewable and energy efficiency products, and numerous loyalty and affinity options and tailored product and service bundles sold through unique retail sales channels; and (iv) construction of other forms of on-site clean power generation. Our advancements in each of these areas are driven by select acquisitions, joint ventures, and investments that are more fully described in our 2012 Form 10-K and our Form 10-Q for the quarter ended September 30, 2013.

In summary, our business strategy is intended to maximize stockholder value through the production and sale of safe, reliable and affordable power to our customers in the markets served by us, while aggressively positioning us to meet the market's increasing demand for sustainable and low carbon energy solutions. This strategy is designed to enhance our core business of competitive power generation and mitigate the risk of declining power prices. We expect to become a leading provider of sustainable energy solutions that promotes national energy security, while utilizing our retail business to complement and advance both initiatives.

Summary of Risk Factors

We are subject to a variety of risks related to our competitive position and business strategies. Some of the more significant challenges and risks include those associated with the operation of our power generation plants, volatility in power prices and fuel costs, our leveraged capital structure and extensive governmental regulation. See the section entitled "Risk Factors" beginning on page 10 of this prospectus and the section entitled "Risk Factors Related to NRG Energy, Inc." of our 2012 Form 10-K for a discussion of the factors you should consider before investing in our common stock.

Corporate Information

We were incorporated as a Delaware corporation on May 29, 1992. Our common stock is listed on the New York Stock Exchange under the symbol "NRG." Our headquarters and principal executive offices are located at 211 Carnegie Center, Princeton, New Jersey 08540. Our telephone number is (609) 524-4500. Our website is located at www.nrgenergy.com. The information on, or linked to, our website is not a part of this prospectus and is not incorporated in this prospectus by reference.

You can get more information regarding our business by reading our 2012 Form 10-K, and the other reports we file with the Securities and Exchange Commission, or SEC. For additional information, see the section entitled "Where You Can Find More Information" beginning on page 40 of this prospectus and the section entitled "Incorporation by Reference" beginning on page 39 of this prospectus.

THE OFFERING

The following is a brief summary of the terms of this offering.

Issuer	NRG Energy, Inc.
Common stock offered by the selling stockholder	12,671,977 shares, valued at $27.62 per share. See the section entitled "Plan of Distribution" beginning on page 27.
Common stock outstanding prior to the offering	323,416,260 shares
Common stock to be outstanding after the offering	335,999,545 shares(1)
Use of proceeds	We will not receive any proceeds from the distribution of our common stock by EME.
Offering	The shares of common stock will be issued to EME under the Purchase Agreement, which will be distributed by EME to its unsecured creditors of EME pursuant to the Plan. See the section entitled "Plan of Distribution" beginning on page 27.
Transfer Agent	Computershare Limited
NYSE Ticker Symbol	"NRG"
Risk factors	See the section entitled "Risk Factors" beginning on page 10 and other information included in this prospectus for a discussion of factors that you should consider carefully.

(1) The number of shares of common stock to be outstanding after this distribution is based on 323,416,260 shares of common stock outstanding as of October 31, 2013, excluding 77,347,528 shares held in treasury and all restricted stock units and options issued under NRG's Amended and Restated Long-Term Incentive Plan and 2010 Stock Plan for employees of GenOn regardless of whether such units or options have vested.

SUMMARY FINANCIAL DATA

The following tables set forth a summary of our consolidated historical financial data as of, and for the period ended on, the dates indicated. The annual historical information is derived from our audited consolidated financial statements as of and for the five-year period ended December 31, 2012. The consolidated interim historical information as of and for the nine months ended September 30, 2013 and 2012 has been derived from our unaudited consolidated financial statements and in the opinion of management, includes all normal and recurring adjustments that are considered necessary for the fair presentations of the results of the interim period. You should read this data together with our audited consolidated financial statements and related notes to our financial statements contained in our 2012 Form 10-K and our quarterly report on Form 10-Q for the quarter ended September 30, 2013, which have been incorporated by reference into this prospectus. Our historical results are not necessarily indicative of our future results, and results for the nine months ended September 30, 2013 are not necessarily indicative of results to be expected for the full year ending December 31, 2013.

	Nine Months Ended September 30,		Year Ended December 31,				
	2013	2012	2012(a)	2011(b)	2010	2009	2008
	(unaudited)		(in millions, except per share data)				
Statement of Income Data:							
Total operating revenues	$ 8,500	$ 6,359	$ 8,422	$ 9,079	$ 8,849	$ 8,952	$ 6,885
Total operating costs and expenses, and other expenses	8,594	6,544	8,170	9,725	8,119	7,283	5,119
Income (loss) from continuing operations, net	(47)	61	579	197	476	941	1,053
Income from discontinued operations, net	—	—	—	—	—	—	172
Net income (loss) attributable to NRG Energy, Inc.	$ (74)	$ 43	$ 559	$ 197	$ 477	$ 942	$ 1,225
Per Share Data:							
Income (loss) attributable to NRG from continuing operations—basic	$ (0.25)	$ 0.16	$ 2.37	$ 0.78	$ 1.86	$ 3.70	$ 4.25
Income attributable to NRG from continuing operations—diluted	(0.25)	0.16	2.35	0.78	1.84	3.44	3.80
Net income (loss) attributable to NRG —basic	(0.25)	0.16	2.37	0.78	1.86	3.70	4.98
Net income (loss) attributable to NRG —diluted	(0.25)	0.16	2.35	0.78	1.84	3.44	4.43
Cash dividends per common share	0.33	0.09	0.18	—	—	—	—
Balance Sheet Data:							
Current assets	$ 7,249	$ 6,383	$ 7,956	$ 7,749	$ 7,137	$ 6,208	$ 8,492
Current liabilities	4,382	4,777	4,677	5,861	4,220	3,762	6,581
Property, plant and equipment, net	20,600	15,866	20,268	13,621	12,517	11,564	11,545
Total assets	34,863	27,220	35,128	26,900	26,896	23,378	24,808
Long-term debt, including current maturities, capital leases, and funded letter of credit	16,713	11,342	15,883	9,832	10,511	8,418	8,161
Total stockholders' equity	$10,881	$ 7,890	$10,533	$ 7,669	$ 8,072	$ 7,697	$ 7,123

(a) Refer to Note 3, *Business Acquisitions and Dispositions*, to our 2012 Form 10-K, for a description of the acquisition of GenOn on December 14, 2012.

(b) Refer to Note 2, *Summary of Significant Accounting Policies, Asset Impairments*, to our 2012 Form 10-K, for a description of impairment charges recorded in 2011.

RISK FACTORS

You should carefully consider the risk factors set forth below and the risk factors incorporated into this prospectus by reference to our 2012 Form 10-K, as well as the other information contained in and incorporated by reference into this prospectus before deciding to participate in this distribution. The selected risks described below and the risks that are incorporated into this prospectus by reference to our 2012 Form 10-K are not our only risks. Additional risks and uncertainties not currently known to us or those we currently view to be immaterial also may materially and adversely affect our business, financial condition or results of operations. Any of the following risks or any of the risks described in our 2012 Form 10-K could materially and adversely affect our business, financial condition, operating results or cash flow. In such a case, the trading price of our common stock could decline, and you may lose all or part of your investment.

Risks Related to Our Business

Many of NRG's power generation facilities operate, wholly or partially, without long-term power sale agreements.

Many of NRG's facilities operate as "merchant" facilities without long-term power sales agreements for some or all of their generating capacity and output, and therefore are exposed to market fluctuations. Without the benefit of long-term power sales agreements for these assets, NRG cannot be sure that it will be able to sell any or all of the power generated by these facilities at commercially attractive rates or that these facilities will be able to operate profitably. This could lead to future impairments of the Company's property, plant and equipment or to the closing of certain of its facilities, resulting in economic losses and liabilities, which could have a material adverse effect on the Company's results of operations, financial condition or cash flows.

NRG's financial performance may be impacted by changing natural gas prices, significant and unpredictable price fluctuations in the wholesale power markets and other market factors that are beyond the Company's control.

A significant percentage of the Company's domestic revenues are derived from baseload power plants that are fueled by coal. In many of the competitive markets where NRG operates, the price of power typically is set by natural gas-fired power plants that generally have higher variable costs than NRG's coal-fired power plants. This allows the Company's coal generation assets to earn attractive operating margins compared to plants fueled by natural gas. A decrease in natural gas prices could result in a corresponding decrease in the market price of power that could significantly reduce the operating margins of the Company's baseload generation assets and materially and adversely impact its financial performance. At low enough natural gas prices, gas plants become more economical than coal generation. In such a price environment, the Company's coal units cycle more often or even shut down until prices or load increases enough to justify running them again.

In addition, because changes in power prices in the markets where NRG operates are generally correlated with changes in natural gas prices, NRG's hedging portfolio includes natural gas derivative instruments to hedge power prices for its coal and nuclear generation. If this correlation between power prices and natural gas prices is not maintained and a change in gas prices is not proportionately offset by a change in power prices, the Company's natural gas hedges may not fully cover this differential. This could have a material adverse impact on the Company's cash flow and financial position.

Market prices for power, capacity and ancillary services tend to fluctuate substantially. Unlike most other commodities, electric power can only be stored on a very limited basis and generally must be produced concurrently with its use. As a result, power prices are subject to significant volatility from supply and demand imbalances, especially in the day-ahead and spot markets. Long- and short-term

power prices may also fluctuate substantially due to other factors outside of the Company's control, including:

- changes in generation capacity in the Company's markets, including the addition of new supplies of power from existing competitors or new market entrants as a result of the development of new generation plants, expansion of existing plants or additional transmission capacity;
- electric supply disruptions, including plant outages and transmission disruptions;
- changes in power transmission infrastructure;
- fuel transportation capacity constraints;
- weather conditions;
- changes in the demand for power or in patterns of power usage, including the potential development of demand-side management tools and practices;
- development of new fuels and new technologies for the production of power;
- development of new technologies for the production of natural gas;
- regulations and actions of the independent system operators, or ISOs; and
- federal and state power market and environmental regulation and legislation.

These factors have caused the Company's operating results to fluctuate in the past and will continue to cause them to do so in the future.

NRG's costs, results of operations, financial condition and cash flows could be adversely impacted by disruption of its fuel supplies.

NRG relies on coal, oil and natural gas to fuel a majority of its power generation facilities. Delivery of these fuels to the facilities is dependent upon the continuing financial viability of contractual counterparties as well as upon the infrastructure (including rail lines, rail cars, barge facilities, roadways, riverways and natural gas pipelines) available to serve each generation facility. As a result, the Company is subject to the risks of disruptions or curtailments in the production of power at its generation facilities if a counterparty fails to perform or if there is a disruption in the fuel delivery infrastructure.

NRG has sold forward a substantial portion of its coal and nuclear power in order to lock in long-term prices that it deemed to be favorable at the time it entered into the forward sale contracts. In order to hedge its obligations under these forward power sales contracts, the Company has entered into long-term and short-term contracts for the purchase and delivery of fuel. Many of the forward power sales contracts do not allow the Company to pass through changes in fuel costs or discharge the power sale obligations in the case of a disruption in fuel supply due to force majeure events or the default of a fuel supplier or transporter. Disruptions in the Company's fuel supplies may therefore require it to find alternative fuel sources at higher costs, to find other sources of power to deliver to counterparties at a higher cost, or to pay damages to counterparties for failure to deliver power as contracted. Any such event could have a material adverse effect on the Company's financial performance.

NRG also buys significant quantities of fuel on a short-term or spot market basis. Prices for all of the Company's fuels fluctuate, sometimes rising or falling significantly over a relatively short period of time. The price NRG can obtain for the sale of energy may not rise at the same rate, or may not rise at all, to match a rise in fuel or delivery costs. This may have a material adverse effect on the

Company's financial performance. Changes in market prices for natural gas, coal and oil may result from the following:

- weather conditions;
- seasonality;
- demand for energy commodities and general economic conditions;
- disruption or other constraints or inefficiencies of electricity, gas or coal transmission or transportation;
- additional generating capacity;
- availability and levels of storage and inventory for fuel stocks;
- natural gas, crude oil, refined products and coal production levels;
- changes in market liquidity;
- federal, state and foreign governmental regulation and legislation; and
- the creditworthiness and liquidity and willingness of fuel suppliers/transporters to do business with the Company.

NRG's plant operating characteristics and equipment, particularly at its coal-fired plants, often dictate the specific fuel quality to be combusted. The availability and price of specific fuel qualities may vary due to supplier financial or operational disruptions, transportation disruptions and force majeure. At times, coal of specific quality may not be available at any price, or the Company may not be able to transport such coal to its facilities on a timely basis. In this case, the Company may not be able to run the coal facility even if it would be profitable. Operating a coal facility with different quality coal can lead to emission or operating problems. If the Company had sold forward the power from such a coal facility, it could be required to supply or purchase power from alternate sources, perhaps at a loss. This could have a material adverse impact on the financial results of specific plants and on the Company's results of operations.

There may be periods when NRG will not be able to meet its commitments under forward sale obligations at a reasonable cost or at all.

A substantial portion of the output from NRG's coal and nuclear facilities has been sold forward under fixed price power sales contracts through 2014, and the Company also sells forward the output from its intermediate and peaking facilities when it deems it commercially advantageous to do so. Because the obligations under most of these agreements are not contingent on a unit being available to generate power, NRG is generally required to deliver power to the buyer, even in the event of a plant outage, fuel supply disruption or a reduction in the available capacity of the unit. To the extent that the Company does not have sufficient lower cost capacity to meet its commitments under its forward sale obligations, the Company would be required to supply replacement power either by running its other, higher cost power plants or by obtaining power from third-party sources at market prices that could substantially exceed the contract price. If NRG fails to deliver the contracted power, it would be required to pay the difference between the market price at the delivery point and the contract price, and the amount of such payments could be substantial.

In the South Central region, NRG has long-term contracts with rural cooperatives that require it to serve all of the cooperatives' requirements at prices that generally reflect the costs of coal-fired generation. During limited peak demand periods, the load requirements of these contract customers exceed the capacity of NRG's coal-fired Big Cajun II plant. During such peak demand periods, NRG employs its intermediate and/or peaking facilities. Depending upon the then-current gas commodity

pricing, NRG's financial returns from its South Central region could be negatively impacted for a limited period if the cost of its intermediate and/or peaking power is at higher prices than can be recovered under the Company's contracts.

NRG's trading operations and the use of hedging agreements could result in financial losses that negatively impact its results of operations.

The Company typically enters into hedging agreements, including contracts to purchase or sell commodities at future dates and at fixed prices, in order to manage the commodity price risks inherent in its power generation operations. These activities, although intended to mitigate price volatility, expose the Company to other risks. When the Company sells power forward, it gives up the opportunity to sell power at higher prices in the future, which not only may result in lost opportunity costs but also may require the Company to post significant amounts of cash collateral or other credit support to its counterparties. The Company also relies on counterparty performance under its hedging agreements and is exposed to the credit quality of its counterparties under those agreements. Further, if the values of the financial contracts change in a manner that the Company does not anticipate, or if a counterparty fails to perform under a contract, it could harm the Company's business, operating results or financial position.

NRG does not typically hedge the entire exposure of its operations against commodity price volatility. To the extent it does not hedge against commodity price volatility, the Company's results of operations and financial position may be improved or diminished based upon movement in commodity prices.

NRG may engage in trading activities, including the trading of power, fuel and emissions allowances that are not directly related to the operation of the Company's generation facilities or the management of related risks. These trading activities take place in volatile markets and some of these trades could be characterized as speculative. The Company would expect to settle these trades financially rather than through the production of power or the delivery of fuel. This trading activity may expose the Company to the risk of significant financial losses which could have a material adverse effect on its business and financial condition.

NRG may not have sufficient liquidity to hedge market risks effectively.

The Company is exposed to market risks through its power marketing business, which involves the sale of energy, capacity and related products and the purchase and sale of fuel, transmission services and emission allowances. These market risks include, among other risks, volatility arising from location and timing differences that may be associated with buying and transporting fuel, converting fuel into energy and delivering the energy to a buyer.

NRG undertakes these marketing activities through agreements with various counterparties. Many of the Company's agreements with counterparties include provisions that require the Company to provide guarantees, offset of netting arrangements, letters of credit, a first lien on assets and/or cash collateral to protect the counterparties against the risk of the Company's default or insolvency. The amount of such credit support that must be provided typically is based on the difference between the price of the commodity in a given contract and the market price of the commodity. Significant movements in market prices can result in the Company being required to provide cash collateral and letters of credit in very large amounts. The effectiveness of the Company's strategy may be dependent on the amount of collateral available to enter into or maintain these contracts, and liquidity requirements may be greater than the Company anticipates or will be able to meet. Without a sufficient amount of working capital to post as collateral in support of performance guarantees or as a cash margin, the Company may not be able to manage price volatility effectively or to implement its

strategy. An increase in the amount of letters of credit or cash collateral required to be provided to the Company's counterparties may negatively affect the Company's liquidity and financial condition.

Further, if any of NRG's facilities experience unplanned outages, the Company may be required to procure replacement power at spot market prices in order to fulfill contractual commitments. Without adequate liquidity to meet margin and collateral requirements, the Company may be exposed to significant losses, may miss significant opportunities, and may have increased exposure to the volatility of spot markets.

The accounting for NRG's hedging activities may increase the volatility in the Company's quarterly and annual financial results.

NRG engages in commodity-related marketing and price-risk management activities in order to financially hedge its exposure to market risk with respect to electricity sales from its generation assets, fuel utilized by those assets and emission allowances.

NRG generally attempts to balance its fixed-price physical and financial purchases and sales commitments in terms of contract volumes and the timing of performance and delivery obligations through the use of financial and physical derivative contracts. These derivatives are accounted for in accordance with the Financial Accounting Standards Board, or FASB, ASC 815, Derivatives and Hedging, or ASC 815, which requires the Company to record all derivatives on the balance sheet at fair value with changes in the fair value resulting from fluctuations in the underlying commodity prices immediately recognized in earnings, unless the derivative qualifies for cash flow hedge accounting treatment. Whether a derivative qualifies for cash flow hedge accounting treatment depends upon it meeting specific criteria used to determine if the cash flow hedge is and will remain appropriate for the term of the derivative. All economic hedges may not necessarily qualify for cash flow hedge accounting treatment. As a result, the Company's quarterly and annual results are subject to significant fluctuations caused by changes in market prices.

Competition in wholesale power markets may have a material adverse effect on NRG's results of operations, cash flows and the market value of its assets.

NRG has numerous competitors in all aspects of its business, and additional competitors may enter the industry. Because many of the Company's facilities are old, newer plants owned by the Company's competitors are often more efficient than NRG's aging plants, which may put some of these plants at a competitive disadvantage to the extent the Company's competitors are able to consume the same or less fuel as the Company's plants consume. Over time, the Company's plants may be squeezed out of their markets, or may be unable to compete with these more efficient plants.

In NRG's power marketing and commercial operations, it competes on the basis of its relative skills, financial position and access to capital with other providers of electric energy in the procurement of fuel and transportation services, and the sale of capacity, energy and related products. In order to compete successfully, the Company seeks to aggregate fuel supplies at competitive prices from different sources and locations and to efficiently utilize transportation services from third-party pipelines, railways and other fuel transporters and transmission services from electric utilities.

Other companies with which NRG competes with may have greater liquidity, greater access to credit and other financial resources, lower cost structures, more effective risk management policies and procedures, greater ability to incur losses, longer-standing relationships with customers, greater potential for profitability from ancillary services or greater flexibility in the timing of their sale of generation capacity and ancillary services than NRG does.

NRG's competitors may be able to respond more quickly to new laws or regulations or emerging technologies, or to devote greater resources to the construction, expansion or refurbishment of their

power generation facilities than NRG can. In addition, current and potential competitors may make strategic acquisitions or establish cooperative relationships among themselves or with third parties. Accordingly, it is possible that new competitors or alliances among current and new competitors may emerge and rapidly gain significant market share. There can be no assurance that NRG will be able to compete successfully against current and future competitors, and any failure to do so would have a material adverse effect on the Company's business, financial condition, results of operations and cash flow.

Operation of power generation facilities involves significant risks and hazards customary to the power industry that could have a material adverse effect on NRG's revenues and results of operations. NRG may not have adequate insurance to cover these risks and hazards.

The ongoing operation of NRG's facilities involves risks that include the breakdown or failure of equipment or processes, performance below expected levels of output or efficiency and the inability to transport the Company's product to its customers in an efficient manner due to a lack of transmission capacity. Unplanned outages of generating units, including extensions of scheduled outages due to mechanical failures or other problems occur from time to time and are an inherent risk of the Company's business. Unplanned outages typically increase the Company's operation and maintenance expenses and may reduce the Company's revenues as a result of selling fewer saleable MW hours or require NRG to incur significant costs as a result of running one of its higher cost units or obtaining replacement power from third parties in the open market to satisfy the Company's forward power sales obligations. NRG's inability to operate the Company's plants efficiently, manage capital expenditures and costs, and generate earnings and cash flow from the Company's asset-based businesses could have a material adverse effect on the Company's results of operations, financial condition or cash flows. While NRG maintains insurance, obtains warranties from vendors and obligates contractors to meet certain performance levels, the proceeds of such insurance, warranties or performance guarantees may not be adequate to cover the Company's lost revenues, increased expenses or liquidated damages payments should the Company experience equipment breakdown or non-performance by contractors or vendors.

Power generation involves hazardous activities, including acquiring, transporting and unloading fuel, operating large pieces of rotating equipment and delivering electricity to transmission and distribution systems. In addition to natural risks such as earthquake, flood, lightning, hurricane and wind, other hazards, such as fire, explosion, structural collapse and machinery failure are inherent risks in the Company's operations. These and other hazards can cause significant personal injury or loss of life, severe damage to and destruction of property, plant and equipment, contamination of, or damage to, the environment and suspension of operations. The occurrence of any one of these events may result in NRG being named as a defendant in lawsuits asserting claims for substantial damages, including for environmental cleanup costs, personal injury and property damage and fines and/or penalties. NRG maintains an amount of insurance protection that it considers adequate, but the Company cannot provide any assurance that its insurance will be sufficient or effective under all circumstances and against all hazards or liabilities to which it may be subject. A successful claim for which the Company is not fully insured could hurt its financial results and materially harm NRG's financial condition. Further, due to rising insurance costs and changes in the insurance markets, NRG cannot provide any assurance that its insurance coverage will continue to be available at all or at rates or on terms similar to those presently available. Any losses not covered by insurance could have a material adverse effect on the Company's financial condition, results of operations or cash flows.

Maintenance, expansion and refurbishment of power generation facilities involve significant risks that could result in unplanned power outages or reduced output and could have a material adverse effect on NRG's results of operations, cash flow and financial condition.

Many of NRG's facilities are old and require periodic upgrading and improvement. Any unexpected failure, including failure associated with breakdowns, forced outages or any unanticipated capital expenditures could result in reduced profitability.

NRG cannot be certain of the level of capital expenditures that will be required due to changing environmental and safety laws and regulations (including changes in the interpretation or enforcement thereof), needed facility repairs and unexpected events (such as natural disasters or terrorist attacks). The unexpected requirement of large capital expenditures could have a material adverse effect on the Company's liquidity and financial condition.

If NRG makes any major modifications to its power generation facilities, the Company may be required to install the best available control technology or to achieve the lowest achievable emission rates as such terms are defined under the new source review provisions of the federal Clean Air Act. Any such modifications would likely result in substantial additional capital expenditures.

The Company may incur additional costs or delays in the development, construction and operation of new plants, improvements to existing plants, or the implementation of environmental control equipment at existing plants and may not be able to recover their investment or complete the project.

The Company is developing or constructing new generation facilities, improving its existing facilities; and adding environmental controls to its existing facilities. The development, construction, expansion, modification and refurbishment of power generation facilities involve many additional risks, including:

- the inability to receive U.S. Department of Energy, or U.S. DOE, loan guarantees, funding or cash grants;
- delays in obtaining necessary permits and licenses;
- the inability to sell down interests in a project or develop successful partnering relationships;
- environmental remediation of soil or groundwater at contaminated sites;
- interruptions to dispatch at the Company's facilities;
- supply interruptions;
- work stoppages;
- labor disputes;
- weather interferences;
- unforeseen engineering, environmental and geological problems;
- unanticipated cost overruns;
- exchange rate risks; and
- failure of contracting parties to perform under contracts, including engineering, procurement and construction, or EPC, contractors.

Any of these risks could cause NRG's financial returns on new investments to be lower than expected, or could cause the Company to operate below expected capacity or availability levels, which could result in lost revenues, increased expenses, higher maintenance costs and penalties. Insurance is maintained to protect against these risks, warranties are generally obtained for limited periods relating to the construction of each project and its equipment in varying degrees, and contractors and equipment suppliers are obligated to meet certain performance levels. The insurance, warranties or performance guarantees, however, may not be adequate to cover increased expenses. As a result, a project may cost more than projected and may be unable to fund principal and interest payments under its construction financing obligations, if any. A default under such a financing obligation could result in losing the Company's interest in a power generation facility.

Furthermore, where the Company has partnering relationships with a third party, the Company is subject to the viability and performance of the third party. The Company's inability to find a replacement contracting party, particularly an EPC contractor, where the original contracting party has failed to perform, could result in the abandonment of the development and/or construction of such project, while the Company could remain obligated on other agreements associated with the project, including power purchase agreements, or PPAs.

If the Company is unable to complete the development or construction of a facility or environmental control, or decides to delay, downsize, or cancel such project, it may not be able to recover its investment in that facility or environmental control. Furthermore, if construction projects are not completed according to specification, the Company may incur liabilities and suffer reduced plant efficiency, higher operating costs and reduced net income.

NRG and its subsidiaries have guaranteed the performance of third parties, which may result in substantial costs in the event of non-performance.

NRG and its subsidiaries have issued certain guarantees of the performance of others, which obligate NRG and its subsidiaries to perform in the event that the third parties do not perform. In the event of non-performance by the third parties, NRG could incur substantial cost to fulfill their obligations under these guarantees. Such performance guarantees could have a material impact on the operating results, financial condition, or cash flows of the Company.

The Company's development programs are subject to financing and public policy risks that could adversely impact NRG's financial performance or result in the abandonment of such development projects.

While NRG currently intends to develop and finance the more capital intensive projects on a non-recourse or limited recourse basis through separate project financed entities, and intends to seek additional investments in most of these projects from third parties, NRG anticipates that it will need to make significant equity investments in these projects. NRG may also decide to develop and finance some of the projects, such as smaller gas-fired and renewable projects, using corporate financial resources rather than non-recourse debt, which could subject NRG to significant capital expenditure requirements and to risks inherent in the development and construction of new generation facilities. In addition to providing some or all of the equity required to develop and build the proposed projects, NRG's ability to finance these projects on a non-recourse basis is contingent upon a number of factors, including the terms of the EPC contracts, construction costs, PPAs and fuel procurement contracts, capital markets conditions, the availability of tax credits and other government incentives for certain new technologies. To the extent NRG is not able to obtain non-recourse financing for any project or should the credit rating agencies attribute a material amount of the project finance debt to NRG's credit, the financing of the development projects could have a negative impact on the credit ratings of NRG.

NRG may also choose to undertake the repowering, refurbishment or upgrade of current facilities based on the Company's assessment that such activity will provide adequate financial returns. Such projects often require several years of development and capital expenditures before commencement of commercial operations, and key assumptions underpinning a decision to make such an investment may

prove incorrect, including assumptions regarding construction costs, timing, available financing and future fuel and power prices.

Furthermore, the viability of the Company's renewable development projects are largely contingent on public policy mechanisms including production and investment tax credits, cash grants, loan guarantees, accelerated depreciation tax benefits, renewable portfolio standards, or RPS, and carbon trading plans. These mechanisms have been implemented at the state and federal levels to support the development of renewable generation, demand-side and smart grid, and other clean infrastructure technologies. The availability and continuation of public policy support mechanisms will drive a significant part of the economics and viability of the Company's development program and expansion into clean energy investments.

Supplier and/or customer concentration at certain of NRG's facilities may expose the Company to significant financial credit or performance risks.

NRG often relies on a single contracted supplier or a small number of suppliers for the provision of fuel, transportation of fuel and other services required for the operation of certain of its facilities. If these suppliers cannot perform, the Company utilizes the marketplace to provide these services. There can be no assurance that the marketplace can provide these services as, when and where required.

At times, NRG relies on a single customer or a few customers to purchase all or a significant portion of a facility's output, in some cases under long-term agreements that account for a substantial percentage of the anticipated revenue from a given facility. The Company has also hedged a portion of its exposure to power price fluctuations through forward fixed price power sales and natural gas price swap agreements. Counterparties to these agreements may breach or may be unable to perform their obligations. NRG may not be able to enter into replacement agreements on terms as favorable as its existing agreements, or at all. If the Company was unable to enter into replacement PPA's, the Company would sell its plants' power at market prices. If the Company is unable to enter into replacement fuel or fuel transportation purchase agreements, NRG would seek to purchase the Company's fuel requirements at market prices, exposing the Company to market price volatility and the risk that fuel and transportation may not be available during certain periods at any price.

The failure of any supplier or customer to fulfill its contractual obligations to NRG could have a material adverse effect on the Company's financial results. Consequently, the financial performance of the Company's facilities is dependent on the credit quality of, and continued performance by, suppliers and customers.

NRG relies on power transmission facilities that it does not own or control and that are subject to transmission constraints within a number of the Company's core regions. If these facilities fail to provide NRG with adequate transmission capacity, the Company may be restricted in its ability to deliver wholesale electric power to its customers and the Company may either incur additional costs or forego revenues. Conversely, improvements to certain transmission systems could also reduce revenues.

NRG depends on transmission facilities owned and operated by others to deliver the wholesale power it sells from the Company's power generation plants to its customers. If transmission is disrupted, or if the transmission capacity infrastructure is inadequate, NRG's ability to sell and deliver wholesale power may be adversely impacted. If a region's power transmission infrastructure is inadequate, the Company's recovery of wholesale costs and profits may be limited. If restrictive transmission price regulation is imposed, the transmission companies may not have sufficient incentive to invest in expansion of transmission infrastructure. The Company cannot also predict whether transmission facilities will be expanded in specific markets to accommodate competitive access to those markets.

In addition, in certain of the markets in which NRG operates, energy transmission congestion may occur and the Company may be deemed responsible for congestion costs if it schedules delivery of power between congestion zones during times when congestion occurs between the zones. If NRG were liable for such congestion costs, the Company's financial results could be adversely affected.

The Company has a significant amount of generation located in load pockets, making that generation valuable, particularly with respect to maintaining the reliability of the transmission grid. Expansion of transmission systems to reduce or eliminate these load pockets could negatively impact the value or profitability of the Company's existing facilities in these areas.

Because NRG owns less than a majority of some of its project investments, the Company cannot exercise complete control over their operations.

NRG has limited control over the operation of some project investments and joint ventures because the Company's investments are in projects where it beneficially owns less than a majority of the ownership interests. NRG seeks to exert a degree of influence with respect to the management and operation of projects in which it owns less than a majority of the ownership interests by negotiating to obtain positions on management committees or to receive certain limited governance rights, such as rights to veto significant actions. However, the Company may not alwayssucceed in such negotiations. NRG may be dependent on its co-venturers to operate such projects. The Company's co-venturers may not have the level of experience, technical expertise, human resources management and other attributes necessary to operate these projects optimally. The approval of co-venturers also may be required for NRG to receive distributions of funds from projects or to transfer the Company's interest in projects.

The GenOn Merger may not achieve its anticipated results, and NRG may be unable to integrate the operations of GenOn in the manner expected.

NRG and GenOn entered into the GenOn Merger Agreement with the expectation that the GenOn Merger will result in various benefits, including, among other things, cost savings and operating efficiencies. Achieving the anticipated benefits of the GenOn Merger depends on whether the businesses of NRG and GenOn can be integrated in an efficient and effective manner. The integration process could take longer than anticipated and could result in the loss of valuable employees, the disruption of NRG's businesses, processes and systems or inconsistencies in standards, controls, procedures, practices, policies and compensation arrangements, any of which could adversely affect the Company's ability to achieve the anticipated benefits of the GenOn Merger. NRG may have difficulty addressing possible differences in corporate cultures and management philosophies. Failure to achieve these anticipated benefits could result in increased costs or decreases in the amount of expected revenues and could adversely affect NRG's future business, financial condition, operating results and prospects.

Future acquisition activities may have adverse effects.

NRG may seek to acquire additional companies or assets in the Company's industry or which complement the Company's industry. The acquisition of companies and assets is subject to substantial risks, including the failure to identify material problems during due diligence, the risk of over-paying for assets, the ability to retain customers and the inability to arrange financing for an acquisition as may be required or desired. Further, the integration and consolidation of acquisitions requires substantial human, financial and other resources and, ultimately, the Company's acquisitions may not be successfully integrated. There can be no assurances that any future acquisitions will perform as expected or that the returns from such acquisitions will support the indebtedness incurred to acquire them or the capital expenditures needed to develop them.

NRG's business is subject to substantial governmental regulation and may be adversely affected by legislative or regulatory changes, as well as liability under, or any future inability to comply with, existing or future regulations or requirements.

NRG's business is subject to extensive foreign, and U.S. federal, state and local laws. Compliance with the requirements under these various regulatory regimes may cause the Company to incur significant additional costs, and failure to comply with such requirements could result in the shutdown of the non-complying facility, the imposition of liens, fines, and/or civil or criminal liability.

Public utilities under the Federal Power Act, or FPA, are required to obtain Federal Energy Regulatory Commission, or the FERC, acceptance of their rate schedules for wholesale sales of electricity. Except for the Electric Reliability Council of Texas, or ERCOT, generating facilities and power marketers, all of NRG's non-qualifying facility generating companies and power marketing affiliates in the U.S. make sales of electricity in interstate commerce and are public utilities for purposes of the FPA. The FERC has granted each of NRG's generating and power marketing companies that make sales of electricity outside of ERCOT the authority to sell electricity at market-based rates. The FERC's orders that grant NRG's generating and power marketing companies market-based rate authority reserve the right to revoke or revise that authority if the FERC subsequently determines that NRG can exercise market power in transmission or generation, create barriers to entry, or engage in abusive affiliate transactions. In addition, NRG's market-based sales are subject to certain market behavior rules, and if any of NRG's generating and power marketing companies were deemed to have violated one of those rules, they are subject to potential disgorgement of profits associated with the violation and/or suspension or revocation of their market-based rate authority. If NRG's generating and power marketing companies were to lose their market-based rate authority, such companies would be required to obtain the FERC's acceptance of a cost-of-service rate schedule and could become subject to the accounting, record-keeping, and reporting requirements that are imposed on utilities with cost-based rate schedules. This could have an adverse effect on the rates NRG charges for power from its facilities.

NRG is also affected by legislative and regulatory changes, as well as changes to market design, market rules, tariffs, cost allocations, and bidding rules that occur in the existing ISOs. The ISOs that oversee most of the wholesale power markets impose, and in the future may continue to impose, mitigation, including price limitations, offer caps, and other mechanisms to address some of the volatility and the potential exercise of market power in these markets. These types of price limitations and other regulatory mechanisms may have an adverse effect on the profitability of NRG's generation facilities that sell energy and capacity into the wholesale power markets.

The regulatory environment has undergone significant changes in the last several years due to state and federal policies affecting wholesale and retail competition and the creation of incentives for the addition of large amounts of new renewable generation and, in some cases, transmission. These changes are ongoing and the Company cannot predict the future design of the wholesale power markets or the ultimate effect that the changing regulatory environment will have on NRG's business. In addition, in some of these markets, interested parties have proposed material market design changes, including the elimination of a single clearing price mechanism, as well as proposals to re-regulate the markets or require divestiture by generating companies to reduce their market share. Other proposals to re-regulate may be made and legislative or other attention to the electric power market restructuring process may delay or reverse the deregulation process. If competitive restructuring of the electric power markets is reversed, discontinued, or delayed, the Company's business prospects and financial results could be negatively impacted.

NRG cannot predict at this time the outcome of the ongoing efforts by the U.S. Commodity Futures Trading Commission, or CFTC, to implement the Dodd-Frank Act and to increase the regulation of over-the-counter derivatives including those related to energy commodities. The CFTC efforts are seeking, among other things, increased clearing of such derivatives through clearing organizations and the increased standardization of contracts, products, and collateral requirements. Such changes could negatively impact NRG's ability to hedge its portfolio in an efficient, cost-effective manner by, among other things, limiting NRG's ability to utilize liens as collateral and decreasing liquidity in the forward commodity markets. The Company expects that in 2013 the CFTC will clarify the scope of the Dodd-Frank Act and issue final rules concerning margin requirements for transactions and other issues that will affect the Company's over-the-counter derivatives trading.

NRG's ownership interest in a nuclear power facility subjects the Company to regulations, costs and liabilities uniquely associated with these types of facilities.

Under the Atomic Energy Act of 1954, as amended, or AEA, operation of South Texas Project, or STP, nuclear generating facility, of which NRG indirectly owns a 44.0% interest, is subject to regulation by the NRC. Such regulation includes licensing, inspection, enforcement, testing, evaluation and modification of all aspects of nuclear reactor power plant design and operation, environmental and safety performance, technical and financial qualifications, decommissioning funding assurance and transfer and foreign ownership restrictions. NRG's 44% share of the output of STP represents approximately 1,175 MW of generation capacity.

There are unique risks to owning and operating a nuclear power facility. These include liabilities related to the handling, treatment, storage, disposal, transport, release and use of radioactive materials, particularly with respect to spent nuclear fuel, and uncertainties regarding the ultimate, and potential exposure to, technical and financial risks associated with modifying or decommissioning a nuclear facility. The NRC could require the shutdown of the plant for safety reasons or refuse to permit restart of the unit after unplanned or planned outages. New or amended NRC safety and regulatory requirements may give rise to additional operation and maintenance costs and capital expenditures. STP may be obligated to continue storing spent nuclear fuel if the U.S. DOE continues to fail to meet its contractual obligations to STP made pursuant to the U.S. Nuclear Waste Policy Act of 1982 to accept and dispose of STP's spent nuclear fuel. See also Item 1—Environmental Matters—U.S. Federal Environmental Initiatives—Nuclear Waste for further discussion. Costs associated with these risks could be substantial and have a material adverse effect on NRG's results of operations, financial condition or cash flow. In addition, to the extent that all or a part of STP is required by the NRC to permanently or temporarily shut down or modify its operations, or is otherwise subject to a forced outage, NRG may incur additional costs to the extent it is obligated to provide power from more expensive alternative sources—either NRG's own plants, third party generators or the ERCOT—to cover the Company's then existing forward sale obligations. Such shutdown or modification could also lead to substantial costs related to the storage and disposal of radioactive materials and spent nuclear fuel.

While STP maintains property and liability insurance for losses related to nuclear operations, there may be limitations on the amounts and types of insurance commercially available. An accident at STP or another nuclear facility could have a material adverse effect on NRG's financial condition, its operational results, or liquidity as losses may exceed the insurance coverage available and/or may result in the obligation to pay retrospective premium obligations.

NRG is subject to environmental laws that impose extensive and increasingly stringent requirements on the Company's ongoing operations, as well as potentially substantial liabilities arising out of environmental contamination. These environmental requirements and liabilities could adversely impact NRG's results of operations, financial condition and cash flows.

NRG is subject to the environmental laws of foreign and U.S., federal, state and local authorities. The Company must comply with numerous environmental laws and obtain numerous governmental permits and approvals to build and operate the Company's plants. Should NRG fail to comply with any environmental requirements that apply to its operations, the Company could be subject to administrative, civil and/or criminal liability and fines, and regulatory agencies could take other actions seeking to curtail the Company's operations. In addition, when new requirements take effect or when existing environmental requirements are revised, reinterpreted or subject to changing enforcement policies, NRG's business, results of operations, financial condition and cash flows could be adversely affected.

Environmental laws and regulations have generally become more stringent over time, and the Company expects this trend to continue. Regulations currently under revision by the United State Environmental Protection Agency, or EPA, including the 316(b) rule to mitigate impact by once-through cooling, could result in more stringent standards or reduced compliance flexibility. While the NRG fleet employs advanced controls, new regulations to address the ever more stringent National Ambient Air Quality Standards, limit greenhouse gas emissions, or GHGs, or restrict ash handling at coal-fired power plants could also further affect plant operations.

Policies at the national, regional and state levels to regulate GHG emissions, as well as climate change, could adversely impact NRG's results of operations, financial condition and cash flows.

NRG's GHG emissions for 2012 can be found in Item 1, *Business—EnvironmentaMatters*, of our 2012 Form 10-K. The impact of further legislation or regulation of GHGs on the Company's financial performance will depend on a number of factors, including the level of GHG standards, the extent to which mitigation is required, the applicability of offsets, and the extent to which NRG would be entitled to receive CO2 emissions credits without having to purchase them in an auction or on the open market.

The Company operates generating units in Connecticut, Delaware, Maryland, Massachusetts, and New York that are subject to RGGI, which is a regional cap and trade system. In February 2013, RGGI, Inc. released a model rule that if adopted by the member states would reduce the number of allowances available and potentially increase the price of each allowance. Each of these states has proposed a rule that would reduce the number of allowances, which we believe would increase the price of each allowance. If adopted, the proposed rule could adversely impact NRG's results of operations, financial condition and cash flows.

The California CO2 cap and trade program for electric generating units greater than 25 MW commenced in 2013. The impact on the Company depends on the cost of the allowances and the ability to pass these costs through to customers.

GHG emissions from power plants are regulated under various section of the Clean Air Act. In 2012, EPA proposed stringent standards for GHG emissions from certain new fossil-fueled electric generating units (simple-cycle CTs are not covered). The proposed standard is in effect until the rule is finalized or re-proposed. EPA has released a pre-publication version of its re-proposed rule for new units, which we expect will be published in the fourth quarter of 2013. The re-proposal is expected to include simple cycle CTs that exceed a certain capacity factor and is expected to create a different but still stringent standard for coal-fired units. The Company expects EPA to issue another rule that will require states to develop CO2 standards that would apply to existing fossil-fueled generating facilities at some future date. This rule could adversely impact NRG's results of operations, financial condition and cash flows.

Hazards customary to the power production industry include the potential for unusual weather conditions, which could affect fuel pricing and availability, the Company's route to market or access to customers, i.e., transmission and distribution lines, or critical plant assets. To the extent that climate change contributes to the frequency or intensity of weather related events, NRG's operations and planning process could be impacted.

NRG's business, financial condition and results of operations could be adversely impacted by strikes or work stoppages by its unionized employees or inability to replace employees as they retire.

As of December 31, 2012, approximately 51% of NRG's employees at its U.S. generation plants were covered by collectivebargaining agreements. In the event that the Company's union employees strike, participate in a work stoppage or slowdown or engage in other forms of labor strife or disruption, NRG would be responsible for procuring replacement labor or the Company could experience reduced power generation or outages. NRG's ability to procure such labor is uncertain. Strikes, work stoppages or the inability to negotiate future collective bargaining agreements on favorable terms could have a material adverse effect on the Company's business, financial condition, results of operations and cash flow. In addition, a number of the Company's employees at NRG's plants are close to retirement. The Company's inability to replace those workers could create potential knowledge and expertise gaps as those workers retire.

Changes in technology may impair the value of NRG's power plants.

Research and development activities are ongoing to provide alternative and more efficient technologies to produce power, including "clean" coal and coal gasification, wind, photovoltaic (solar) cells, energy storage, and improvements in traditional technologies and equipment, such as more efficient gas turbines. Advances in these or other technologies could reduce the costs of power production to a level below what the Company has currently forecasted, which could adversely affect its cash flow, results of operations or competitive position.

Risks that are beyond NRG's control, including but not limited to acts of terrorism or related acts of war, natural disaster, hostile cyber intrusions or other catastrophic events could have a material adverse effect on NRG's financial condition, results of operations and cash flows.

NRG's generation facilities and the facilities of third parties on which they rely may be targets of terrorist activities, as well as events occurring in response to or in connection with them, that could cause environmental repercussions and/or result in full or partial disruption of the facilities ability to generate, transmit, transport or distribute electricity or natural gas. Strategic targets, such as energy-related facilities, may be at greater risk of future terrorist activities than other domestic targets. Hostile cyber intrusions, including those targeting information systems as well as electronic control systems used at the generating plants and for the distribution systems, could severely disrupt business operations and result in loss of service to customers, as well as significant expense to repair security breaches or system damage. Any such environmental repercussions or disruption could result in a significant decrease in revenues or significant reconstruction or remediation costs, beyond what could be recovered through insurance policies which could have a material adverse effect on the Company's financial condition, results of operations and cash flow.

NRG's level of indebtedness could adversely affect its ability to raise additional capital to fund its operations, or return capital to stockholders. It could also expose it to the risk of increased interest rates and limit its ability to react to changes in the economy or its industry.

NRG's substantial debt could have negative consequences, including:

- increasing NRG's vulnerability to general economic and industry conditions;
- requiring a substantial portion of NRG's cash flow from operations to be dedicated to the payment of principal and interest on its indebtedness, therefore reducing NRG's ability to pay dividends to holders of its preferred or common stock or to use its cash flow to fund its operations, capital expenditures and future business opportunities;
- limiting NRG's ability to enter into long-term power sales or fuel purchases which require credit support;
- exposing NRG to the risk of increased interest rates because certain of its borrowings, including borrowings under its senior secured credit facility, are at variable rates of interest;
- limiting NRG's ability to obtain additional financing for working capital including collateral postings, capital expenditures, debt service requirements, acquisitions and general corporate or other purposes; and
- limiting NRG's ability to adjust to changing market conditions and placing it at a competitive disadvantage compared to its competitors who have less debt.

The indentures for NRG's notes and senior secured credit facility contain financial and other restrictive covenants that may limit the Company's ability to return capital to stockholders or otherwise engage in activities that may be in its long-term best interests. NRG's failure to comply with those

covenants could result in an event of default which, if not cured or waived, could result in the acceleration of all of the Company's indebtedness.

In addition, NRG's ability to arrange financing, either at the corporate level or at a non-recourse project-level subsidiary, and the costs of such capital, are dependent on numerous factors, including:

- general economic and capital market conditions;
- credit availability from banks and other financial institutions;
- investor confidence in NRG, its partners and the regional wholesale power markets;
- NRG's financial performance and the financial performance of its subsidiaries;
- NRG's level of indebtedness and compliance with covenants in debt agreements;
- maintenance of acceptable credit ratings;
- cash flow; and
- provisions of tax and securities laws that may impact raising capital.

NRG may not be successful in obtaining additional capital for these or other reasons. The failure to obtain additional capital from time to time may have a material adverse effect on its business and operations.

Goodwill and/or other intangible assets not subject to amortization that NRG has recorded in connection with its acquisitions are subject to mandatory annual impairment evaluations and as a result, the Company could be required to write off some or all of this goodwill and other intangible assets, which may adversely affect the Company's financial condition and results of operations.

In accordance with ASC 350, Intangibles—Goodwill and Other, or ASC 350, goodwill is not amortized but is reviewed annuallyor more frequently for impairment and other intangibles are also reviewed at least annually or more frequently, if certain conditions exist, and may be amortized. Any reduction in or impairment of the value of goodwill or other intangible assets will result in a charge against earnings which could materially adversely affect NRG's reported results of operations and financial position in future periods.

A valuation allowance may be required for NRG's deferred tax assets.

A valuation allowance may need to be recorded against deferred tax assets that the Company estimates are more likely than not to be unrealizable, based on available evidence at the time the estimate is made. A valuation allowance related to deferred tax assets can be affected by changes to tax laws, statutory tax rates and future taxable income levels. In the event that the Company determines that it would not be able to realize all or a portion of its net deferred tax assets in the future, the Company would reduce such amounts through a charge to income tax expense in the period in which that determination was made, which could have a material adverse impact on the Company's financial condition and results of operations.

Volatile power supply costs and demand for power could adversely affect the financial performance of NRG's retail energy businesses.

Although NRG is the primary provider of the supply requirements for NRG's retail energy businesses, or the Retail Business, the Retail Business purchases a significant portion of its supply requirements from third parties. As a result, financial performance depends on its ability to obtain adequate supplies of electric generation from third parties at prices below the prices it charges its customers. Consequently, the Company's earnings and cash flows could be adversely affected in any period in which the Retail Business power supply costs rise at a greater rate than the rates it charges to

customers. The price of power supply purchases associated with the Retail Business's energy commitments can be different than that reflected in the rates charged to customers due to, among other factors:

- varying supply procurement contracts used and the timing of entering into related contracts;
- subsequent changes in the overall price of natural gas;
- daily, monthly or seasonal fluctuations in the price of natural gas relative to the 12-month forward prices;
- transmission constraints and the Company's ability to move power to its customers; and
- changes in market heat rate (i.e., the relationship between power and natural gas prices).

The Company's earnings and cash flows could also be adversely affected in any period in which the demand for power significantly varies from the forecasted supply, which could occur due to, among other factors, weather events, competition and economic conditions.

Significant events beyond the Company's control, such as hurricanes and other weather-related problems or acts of terrorism, could cause a loss of load and customers and thus have a material adverse effect on the Company's Retail Business.

The uncertainty associated with events beyond the Company's control, such as significant weather events and the risk of future terrorist activity, could cause a loss of load and customers and may affect the Company's results of operations and financial condition in unpredictable ways. In addition, significant weather events or terrorist actions could damage or shut down the power transmission and distribution facilities upon which the Retail Business is dependent. Power supply may be sold at a loss if these events cause a significant loss of retail customer load.

The Company's Retail Business may lose a significant number of retail customers due to competitive marketing activity by other retail electricity providers which could adversely affect the financial performance of NRG's Retail Business.

The Retail Business faces competition for customers. Competitors may offer lower prices and other incentives, which may attract customers away from the Retail Business. In some retail electricity markets, the principal competitor may be the incumbent retail electricity provider. The incumbent retail electricity provider has the advantage of long-standing relationships with its customers, including well-known brand recognition. Furthermore, the Retail Business may face competition from a number of other energy service providers, other energy industry participants, or nationally branded providers of consumer products and services who may develop businesses that will compete with NRG and its Retail Business.

The Company's Retail Business is subject to the risk that sensitive customer data may be compromised, which could result in an adverse impact to its reputation and/or the results of operations of the Retail Business.

The Retail Business requires access to sensitive customer data in the ordinary course of business. Examples of sensitive customer data are names, addresses, account information, historical electricity usage, expected patterns of use, payment history, credit bureau data, credit and debit card account numbers, drivers license numbers, social security numbers and bank account information. The Retail Business may need to provide sensitive customer data to vendors and service providers who require access to this information in order to provide services, such as call center operations, to the Retail Business. If a significant breach occurred, the reputation of NRG and the Retail Business may be adversely affected, customer confidence may be diminished, or NRG and the Retail Business may be subject to legal claims, any of which may contribute to the loss of customers and have a negative impact on the business and/or results of operations.

Risks Related to this Distribution and Our Common Stock

NRG cannot assure you that it will be able to continue paying dividends at the current rate.

As noted elsewhere in this prospectus, NRG currently expects to continue to pay quarterly dividends. However, NRG may not continue to pay dividends at the current rate or at all, for reasons that may include any of the following factors:

- NRG may not have enough cash to pay such dividends due to changes in NRG's cash requirements, capital spending plans, financing agreements, cash flow or financial position;
- decisions on whether, when and in which amounts to make any future distributions will remain at all times entirely at the discretion of the NRG board of directors, or Board, which reserves the right to change NRG's dividend practices at any time and for any reason; and
- NRG may not receive dividend payments from its subsidiaries in the same level that it has historically. The ability of NRG's subsidiaries to make dividend payments to it is subject to factors similar to those listed above.

NRG's stockholders should be aware that they have no contractual or other legal right to dividends that have not been declared.

Risks Related to the Acquisition

If completed, the acquisition may not achieve its intended results, and NRG may be unable to successfully integrate the assets and operations acquired from EME.

NRG entered into the Purchase Agreement with EME and the Purchaser, on October 18, 2013. Pursuant to the Purchase Agreement, the Purchaser, a wholly owned subsidiary of NRG, agreed to purchase substantially all of the assets of EME with the expectation that the Acquisition will result in various benefits. Achieving the anticipated benefits of the Acquisition is subject to a number of uncertainties, including whether the assets of EME can be integrated in an efficient and effective manner.

It is possible that the integration process could take longer than anticipated and could result in the loss of valuable employees, the disruption of each company's ongoing businesses, processes and systems or inconsistencies in standards, controls, procedures, practices, policies and compensation arrangements, any of which could adversely affect NRG's ability to achieve the anticipated benefits of the acquisition. The integration process is subject to a number of uncertainties, and no assurance can be given that the anticipated benefits will be realized or, if realized, the timing of their realization. Failure to achieve these anticipated benefits could result in increased costs or decreases in the amount of expected revenues and could adversely affect the combined company's future business, financial condition, operating results and prospects.

The pro forma financial statements included in this prospectus are presented for illustrative purposes only and may not be an indication of NRG's financial condition or results of operations following the acquisition.

The pro forma financial statements contained in this prospectus are presented for illustrative purposes only, are based on various adjustments, assumptions and preliminary estimates and may not be an indication of NRG's financial condition or results of operations following the acquisition for several reasons. See "Unaudited Pro Forma Condensed Consolidated Combined Financial Statements" beginning on page 28 of this prospectus. The actual financial condition and results of operations of NRG following the acquisition may not be consistent with, or evident from, these pro forma financial statements. In addition, the assumptions used in preparing the pro forma financial information may not prove to be accurate, and other factors may affect NRG's financial condition or results of operations following the acquisition. Any potential decline in NRG's financial condition or results of operations may cause significant variations in the stock price of NRG.

SELLING STOCKHOLDER

Pursuant to the Purchase Agreement, NRG will issue the shares set forth in the table below to EME. EME, the selling stockholder, will distribute the shares of common stock to the unsecured creditors of EME pursuant to the Plan as described in the "Plan of Distribution."

	Shares owned before the offering		Shares offered hereby	Shared owned after the offering	
Name and address of Selling Stockholder	Number	Percentage		Number	Percentage
Edison Mission Energy 3 MacArthur Place, Suite 100 Santa Ana, California 92707	12,671,977	3.9%	12,671,977	0	0%

(1) EME is an indirect, wholly owned subsidiary of Edison International. As such, Edison International has voting and investment power over the shares being offered under this prospectus.

PLAN OF DISTRIBUTION

EME, as the selling stockholder and a statutory underwriter, will distribute the shares of our common stock covered by this prospectus to its unsecured creditors in accordance with the terms and conditions of the Plan. The distribution by EME will not occur until the transactions contemplated by the Plan are consummated and the Plan becomes effective. The Plan is expected to be confirmed by the Bankruptcy Court on February 19, 2014.

The Plan generally will provide for each of EME's unsecured creditors to receive a pro rata portion of (i) the total amount of the newly issued shares of NRG common stock, which shares will be freely tradable by such creditors that are not affiliates of NRG, and (ii) certain cash proceeds. After the distribution of our common stock by EME under the Plan, creditors of EME that receive shares of our common stock pursuant to the Plan will be stockholders of NRG.

NRG has agreed to indemnify EME and certain of its affiliates against certain liabilities, including liabilities under the Securities Act, and to contribute to payments that EME and certain of its affiliates may be required to make for these liabilities.

USE OF PROCEEDS

We will not receive any proceeds from the distribution by EME, the selling stockholder, of shares of our common stock offered under this prospectus.

DIVIDEND POLICY

On February 28, 2012, NRG announced its intention to initiate an annual common stock dividend of $0.36 per share, and paid its first quarterly dividend on NRG's common stock of $0.09 per share on August 15, 2012. On each of November 15, 2012 and February 15, 2013, NRG paid a quarterly dividend on the Company's common stock of $0.09 per share. On February 27, 2013, NRG announced its intention to increase the annual common stock dividend to $0.48 per share, and on each of May 15, 2013, August 15, 2013 and November 15, 2013, NRG paid a quarterly dividend on the Company's common stock of $0.12 per share.

PRO FORMA FINANCIAL STATEMENTS

Unaudited Pro Forma Condensed Consolidated Combined Financial Statements

The Unaudited Pro Forma Condensed Consolidated Combined Financial Statements, or the pro forma financial statements, combine the historical consolidated financial statements of NRG Energy, Inc., or NRG, and Edison Mission Energy, or EME, to illustrate the potential effect of the Acquisition. The pro forma financial statements are based on, and should be read in conjunction with, the:

- accompanying notes to the Unaudited Pro Forma Condensed Consolidated Combined Financial Statements;
- consolidated financial statements of NRG for the year ended December 31, 2012 and for the nine months ended September 30, 2013 and the notes relating thereto, incorporated herein by reference; and
- consolidated financial statements of EME for the year ended December 31, 2012 and for the nine months ended September 30, 2013 and the notes relating thereto, incorporated herein by reference.

The historical consolidated financial statements have been adjusted in the pro forma financial statements to give effect to pro forma events that are (1) directly attributable to the Acquisition, (2) factually supportable and (3) with respect to the pro forma statements of operations, expected to have a continuing impact on the combined results. The Unaudited Pro Forma Condensed Consolidated Combined Statements of Operations, or the pro forma statement of operations, for the year ended December 31, 2012 and for the nine months ended September 30, 2013, give effect to the Acquisition as if it occurred on January 1, 2012. The Unaudited Pro Forma Condensed Consolidated Combined Balance Sheet, or the pro forma balance sheet, as of September 30, 2013, gives effect to the Acquisition as if it occurred on September 30, 2013.

As described in the accompanying notes, the pro forma financial statements have been prepared using the acquisition method of accounting under existing United States generally accepted accounting principles, or GAAP, and the regulations of the Securities and Exchange Commission. The expected purchase price will be allocated to EME's assets and liabilities based upon their estimated fair values as of the date of the Acquisition. Valuations necessary to determine the fair value of the assets and liabilities have not been completed and cannot be made prior to the completion of the transaction.

Accordingly, the pro forma purchase price adjustments are preliminary, subject to future adjustments, and have been made solely for the purpose of providing the unaudited pro forma combined financial information presented herewith. Differences between these preliminary estimates and the final acquisition accounting will occur and these differences could have a material impact on the accompanying pro forma financial statements and the combined company's future results of operations and financial position. The pro forma financial statements have been presented for informational purposes only and are not necessarily indicative of what the combined company's results of operations and financial position would have been had the Acquisition been completed on the dates indicated. NRG could incur significant costs to integrate NRG's and EME's businesses. The pro forma financial statements do not reflect the cost of any integration activities or benefits that may result from synergies that may be derived from any integration activities. In addition, the pro forma financial statements do not purport to project the future results of operations or financial position of the combined company.

Unaudited Pro Forma Condensed Consolidated Combined Income Statement
Nine months ended September 30, 2013

	NRG Energy, Inc. Historical	Edison Mission Energy Historical	Pro Forma Adjustments	Pro Forma Combined
	(in millions, except share and per share data)			
Operating revenues				
Total operating revenues	$ 8,500	$ 1,007	$ (20)(a)	$ 9,487
Operating Costs and Expenses				
Cost of operations	6,179	785	—	6,964
Depreciation and amortization	921	209	(66)(b)	1,064
Selling, general and administrative	671	92	—	763
Asset impairment and other charges	—	462	—	462
Acquisition-related transaction and integration costs	95	—	—	95
Development activity expense	63	—	—	63
Total operating costs and expenses	7,929	1,548	(66)	9,411
Operating Income/(Loss)	571	(541)	46	76
Other Income/(Expense)				
Equity in earnings of unconsolidated affiliates	6	43	—	49
Other income, net	9	9	—	18
Loss on debt extinguishment	(50)	(3)	—	(53)
Interest expense	(630)	(64)	(34)(c)	(728)
Total other income / (expense)	(665)	(15)	(34)	(714)
Loss From Continuing Operations Before Income Taxes	(94)	(556)	12	(638)
Reorganization items, net	—	99	—	99
Income tax benefit	(47)	(25)	(5)(d)	(77)
Loss From Continuing Operations	$ (47)	$ (630)	$ 17	$ (660)
Income (Loss) Per Share From Continuing Operations				
Weighted average number of common shares outstanding—basic	323			336
Income (Loss) from Continuing Operations per share—basic	$ (0.15)			$ (1.96)
Weighted average number of common shares outstanding—diluted	323			336
Income (Loss) from Continuing Operations per share—diluted	$ (0.15)			$ (1.96)

Unaudited Pro Forma Condensed Combined Consolidated Income Statement
Year ended December 31, 2012

	NRG Energy, Inc. Historical	Edison Mission Energy Historical	Pro Forma Adjustments	Pro Forma Combined
		(in millions, except share and per share data)		
Operating revenues				
Total operating revenues	$ 8,422	$ 1,287	$ (44)(a)	$ 9,665
Operating Costs and Expenses				
Cost of operations	6,087	1,172	—	7,259
Depreciation and amortization	950	268	(88)(b)	1,130
Selling, general and administrative	892	147	—	1,039
Asset impairments and other charges	—	28	—	28
Acquisition-related transaction and integration costs	107	—	—	107
Development activity expense	36	—	—	36
Total operating costs and expenses	8,072	1,615	(88)	9,599
Operating Income	350	(328)	44	66
Other Income / (Expense)				
Equity in earnings of unconsolidated affiliates	37	46	—	83
Gain on bargain purchase (GenOn)	560	—	—	560
Impairment charge on investment	(2)	—	—	(2)
Other income, net	19	14	—	33
Loss on debt extinguishment	(51)	—	—	(51)
Interest expense	(661)	(326)	226(c)	(761)
Total other income / (expense)	(98)	(266)	226	(138)
Income (Loss) From Continuing Operations Before Income Taxes	252	(594)	270	(72)
Reorganization items, net	—	43	—	43
Income tax expense (benefit)	(327)	160	(101)(d)	(268)
Income (Loss) From Continuing Operations	$ 579	$ (797)	$ 371	$ 153
Income (Loss) Per Share From Continuing Operations				
Weighted average number of common shares outstanding—basic	232			245
Income (Loss) from Continuing Operations per share—basic	$ 2.50			$ 0.62
Weighted average number of common shares outstanding—diluted	234			247
Income (Loss) from Continuing Operations per share—diluted	$ 2.47			$ 0.62

Unaudited Pro Forma Condensed Combined Consolidated Balance Sheet
As of September 30, 2013

	NRG Energy, Inc. Historical	Edison Mission Energy Historical(e)	Pro Forma Adjustments	Pro Forma Combined
		(in millions)		
ASSETS				
Current Assets				
Cash and cash equivalents	$ 2,129	$ 1,138	$ (1,585)(f)	$ 1,682
Funds deposited by counterparties	122	—		122
Restricted cash	307	15		322
Accounts receivable—trade, net	1,366	81		1,447
Inventory	861	121		982
Derivative instruments valuation	1,389	35		1,424
Deferred income taxes	—	—		—
Cash Collateral paid in support of energy risk mgmt activities	288	85		373
Renewable energy grant receivable	345	—		345
Prepayments and Other Current Assets	442	50		492
Total current assets	7,249	1,525	(1,585)	7,189
Property, Plant and Equipment				
Property, plant and equipment, net of accumulated depreciation	20,600	3,934	(1,445)(g)	23,089
Other Assets				
Equity investments in affiliates	626	543		1,169
Notes receivable, less current portion	76	—		76
Goodwill	1,953	—		1,953
Intangible assets, net of accumulated amortization	1,141	—		1,141
Nuclear decommissioning trust	524	—		524
Derivative instruments	506	21		527
Deferred income taxes	1,499	—		1,499
Other non-current assets	689	1,031		1,720
Total other assets	7,014	1,595	—	8,609
Total Assets	$ 34,863	$ 7,054	$ (3,030)	$ 38,887

Unaudited Pro Forma Condensed Combined Consolidated Balance Sheet (Continued)
As of September 30, 2013

	NRG Energy, Inc. Historical	Edison Mission Energy Historical(e)	Pro Forma Adjustments	Pro Forma Combined
		(in millions)		
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current Liabilities				
Current portion of long-term debt and capital leases	$ 911	$ 90		$ 1,001
Accounts payable	1,140	78		1,218
Payable to affiliates	—	32		32
Derivative instruments valuation	1,064	—		1,064
Deferred income tax	112	—		112
Cash collateral received in support of energy risk mgmt activities	122	—		122
Accrued expenses and other current liabilities	1,033	317		1,350
Total current liabilities	4,382	517	—	4,899
Other Liabilities				
Long-term debt and capital leases	15,802	5,133	(3,000)(h)	17,935
Nuclear decommissioning reserve	290	—		290
Nuclear decommissioning trust liability	303	—		303
Deferred revenues	—	513	(513)(i)	—
Deferred income taxes	50	53		103
Derivative instruments	372	69		441
Out of market commodity contracts	1,157	—		1,157
Other non current liabilities	1,377	510		1,887
Total non-current liabilities	19,351	6,278	(3,513)	22,116
Total Liabilities	23,733	6,795	(3,513)	27,015
Preferred Stock Mezzanine	249	—		249
Stockholders' Equity				
Common stock	4	64	(64)(j)	4
Additional paid-in capital	7,843	1,137	(787)(j)(k)	8,193
Retained earnings	4,272	(1,225)	1,225(j)	4,272
Less treasury stock, at cost	(1,942)	—		(1,942)
Accumulated other comprehensive income	(129)	(109)	109(j)	(129)
Noncontrolling Interest	833	392		1,225
Total Stockholders' Equity	10,881	259	483	11,623
Total Liabilities and Stockholders' Equity	$ 34,863	$ 7,054	$ (3,030)	$ 38,887

Notes to the Unaudited Pro Forma Condensed Combined Financial Statements

(a) Represents an adjustment to conform EME's policy for recording the receipt of cash grants as deferred revenue to NRG's policy of reducing the value of the related property, plant and equipment. EME had recorded revenue related to these cash grants of $44 million for the year ended December 31, 2012 and $20 million for the nine months ended September 30, 2013.

(b) Represents the estimated decrease in net depreciation expense resulting from potential fair value adjustments to EME's property, plant and equipment. The estimate is preliminary, subject to change and could vary materially from the actual adjustment on the date of the Acquisition. For each $100 million change in the fair value adjustment to property, plant and equipment, combined depreciation expense would be expected to change by approximately $6 million. The estimated useful lives of the property, plant and equipment range from 3 to 30 years.

(c) Reflects the estimated decrease in interest expense as NRG will not assume the EME notes in connection with the Acquisition, offset by the estimated increase in interest expense for borrowings necessary to fund the purchase price of the Acquisition. For the year ended December 31, 2012, the estimated decrease in interest expense was $271 million. EME did not record interest expense for the EME notes for the nine months ended September 30, 2013. To fund the purchase price of the Acquisition, NRG estimates that it will issue $700 million of additional senior notes at an estimated interest rate of 6.50%. This would result in approximately $46 million of additional interest expense for the year ended December 31, 2012 and approximately $34 million of additional interest expense for the nine months ended September 30, 2013.

(d) Represents the adjustment to record the tax effect of the reduction in revenue, depreciation expense and interest expense, calculated utilizing NRG's estimated combined statutory federal and state tax rate of 37.0%.

(e) Based on the amounts reported in the consolidated balance sheet as of September 30, 2013, certain financial statement line items included in EME's historical presentation have been reclassified to the corresponding line items included in NRG's historical presentation. These reclassifications have no effect on the total assets, total liabilities or stockholders' equity reported by NRG or EME.

(f) Represents cash utilized to fund the purchase price of the Acquisition.

(g) Represents the adjustment to reflect EME's property, plant and equipment at its estimated fair value on the date of the Acquisition. The estimate is preliminary, subject to change and could vary materially from the actual adjustment at the date of the Acquisition. For each $100 million change in the fair value adjustment to property, plant and equipment, combined depreciation expense would be expected to change by approximately $6 million. The estimated useful lives of the property, plant and equipment range from 3 to 30 years.

(h) Represents the estimated decrease in long-term debt as NRG will not assume the $3.7 billion of EME notes in connection with the Acquisition, offset by the estimated increase in long-term debt for borrowings necessary to fund the purchase price of the Acquisition. NRG estimates that it will issue $700 million of additional senior notes at an estimated interest rate of 6.50%. For each 0.25% change in the interest rate, annual interest expense would be expected to change by approximately $2 million.

(i) Represents an adjustment to conform EME's policy for recording the receipt of cash grants as deferred revenue to NRG's policy of reducing the value of the related property, plant and equipment.

(j) Represents the issuance of NRG common stock in connection with this offering and adjustments to equity to reflect the impact of the Acquisition.

(k) The estimated purchase price for the Acquisition is $2,635 million, which is expected to be funded by the following components:

	(in millions)
Cash and cash equivalents	$ 1,585
Senior notes to be issued	700
Common stock issued in this offering	350
	$ 2,635

The allocation of the preliminary purchase price to the fair values of the assets acquired and liabilities assumed is as follows:

	(in millions)
Current assets	$ 1,525
Property, plant and equipment	2,489
Other non-current assets	1,595
Total assets	5,609
Current liabilities, including current maturities of long-term debt	517
Long-term debt	1,433
Non-current liabilities	632
Total liabilities	2,582
Noncontrolling interest	392
Estimated fair value of net assets acquired	$ 2,635

The allocation of the preliminary purchase price to the fair values of assets acquired and liabilities assumed includes pro forma adjustments to reflect the fair values of EME's assets and liabilities at the time of the completion of the Acquisition. The final allocation of the purchase price could differ materially from the preliminary allocation used for the Unaudited Pro Forma Condensed Combined Consolidated Balance Sheet primarily because power market prices, interest rates and other valuation variables will fluctuate over time and be different at the time of completion of the Acquisition compared to the amounts assumed in the pro forma adjustments.

DESCRIPTION OF OUR CAPITAL STOCK

The following is a summary of the material terms of NRG's capital stock that will be issued in the acquisition of EME's assets. Because the following is only a summary, it does not contain all of the information that may be important to you. You are encouraged to read NRG's amended and restated certificate of incorporation and amended and restated bylaws, which are incorporated by reference as Exhibit 3.1 and Exhibit 3.2, respectively, to the registration statement of which this prospectus forms a part, and is incorporated herein by reference. All references within this section to common stock mean the common stock of NRG unless otherwise noted.

Authorized Capital Stock of NRG

NRG's amended and restated certificate of incorporation provides that the total number of shares of capital stock which may be issued by NRG is 510,000,000, consisting of 500,000,000 shares of common stock, par value $0.01 per share, and 10,000,000 shares of preferred stock, par value 0.01 per share.

NRG Common Stock

As of October 31, 2013, there were 323,416,260 shares of NRG common stock outstanding. All outstanding shares of NRG common stock are fully paid and nonassessable. The number of outstanding shares of NRG common stock will be increased upon consummation of the transactions contemplated by the Plan, including the issuance of shares of NRG common stock to EME, which will distribute such shares to the unsecured creditors of EME pursuant to the Plan

NRG Preferred Stock

As of October 31, 2013, there were 250,000 shares of NRG's 3.625% Convertible Perpetual Preferred Stock issued and outstanding, or the NRG Preferred Stock. All of the outstanding shares of NRG Preferred Stock are held by affiliates of Credit Suisse, and such shares may not be transferred to an entity that is not an affiliate of Credit Suisse without the consent of NRG, such consent not to be unreasonably withheld.

The NRG Preferred Stock has a liquidation preference of $1,000 per share. Holders of NRG Preferred Stock are entitled to receive, out of funds legally available therefor, cash dividends at the rate of 3.625% per annum, payable in cash quarterly in arrears on March 15, June 15, September 15 and December 15 of each year. Each share of NRG Preferred Stock is convertible into cash and shares of NRG Common Stock during the 90-day period beginning August 11, 2015 at the option of NRG or the holder, subject to the terms and conditions of the NRG Preferred Stock. The NRG Preferred Stock will be, with respect to dividend rights and rights upon liquidation, winding up or dissolution, senior to NRG Common Stock.

If a "Fundamental Change" occurs (as defined in the certificate of designations for the NRG Preferred Stock), the holders of the NRG Preferred Stock will have the right to require NRG to repurchase all or a portion of the NRG Preferred Stock for a period of time after the fundamental change at a purchase price equal to 100% of the liquidation preference, plus accumulated and unpaid dividends.

Description of NRG Common Stock

Voting Rights

The holders of NRG's common stock are entitled to one vote on each matter submitted for their vote at any meeting of NRG stockholders for each share of common stock held as of the record date for the meeting.

Generally, the vote of the holders of a majority of the total number of votes of NRG capital stock represented at a meeting and entitled to vote on a matter is required in order to approve such matter. Certain extraordinary transactions and other actions require supermajority votes, including but not limited to the supermajority voting provisions described below in "—Anti-takeover Provisions—Amendments."

Liquidation Rights

In the event that NRG is liquidated, dissolved or wound up, the holders of NRG common stock will be entitled to a pro rata share in any distribution to stockholders, but only after satisfaction of all of NRG's liabilities and of the prior rights of any outstanding series of NRG Preferred Stock.

Dividends

Subject to preferences that may be applicable to any outstanding preferred stock, the holders of NRG common stock are entitled to dividends when, as and if declared by the NRG Board out of funds legally available for that purpose.

No Preemptive Rights

The common stock has no preemptive rights or other subscription rights.

No Redemption Rights, Conversion Rights or Sinking Fund

There are no redemption, conversion or sinking fund provisions applicable to the common stock.

Transfer Agent and Registrar

The transfer agent and registrar for the common stock is Computershare Limited.

Stock Market Listing

The common stock is listed on the New York Stock Exchange under the symbol "NRG."

Anti-takeover Provisions

Some provisions of Delaware law and NRG's amended and restated certificate of incorporation and bylaws could discourage or make more difficult a change in control of NRG without the support of the NRG Board. A summary of these provisions follows.

Meetings and Elections of Directors

Special Meetings of Stockholders. NRG's amended and restated certificate of incorporation provides that a special meeting of stockholders may be called only by the NRG Board by a resolution adopted by the affirmative vote of a majority of the total number of directors then in office or the chief executive officer of NRG (or, if there is no chief executive officer, by the most senior executive officer of NRG).

Elimination of Stockholder Action by Written Consent. NRG's amended and restated certificate of incorporation and its bylaws provide that holders of NRG common stock cannot act by written consent in lieu of a meeting.

Classification of Directors. Directors of NRG are currently divided into three classes of directors with each director serving a three-year term. However, at the 2012 annual meeting of NRG stockholders held on April 25, 2012, NRG stockholders approved an amendment to the amended and restated certificate of incorporation of NRG to declassify the NRG Board. The classified structure will

be eliminated over a three-year period through the election of directors whose terms are expiring for one-year terms. Beginning with the 2015 annual meeting of NRG stockholders, the entire NRG Board will be elected annually.

Removal of Directors. Until the 2015 annual meeting of NRG stockholders, directors may only be removed for cause. From and after the 2015 annual meeting of NRG stockholders, directors may be removed without or without cause.

Vacancies. Any vacancy occurring on the NRG Board and any newly created directorship may be filled only by a majority of the directors remaining in office (even if less than a quorum), subject to the rights of holders of any series of preferred stock.

Amendments

Amendment of Certificate of Incorporation. The provisions described above under "—Special Meetings of Stockholders",—Elimination of Stockholder Action by Written Consent" and "—Classification of Directors" may be amended only by the affirmative vote of holders of at least two-thirds ($^2/_3$) of the combined voting power of outstanding shares of NRG capital stock entitled to vote in the election of directors, voting together as a single class.

Amendment of Bylaws. The NRG Board has the power to make, alter, amend, change or repeal NRG's bylaws or adopt new bylaws by the affirmative vote of a majority of the total number of directors then in office. This right is subject to repeal or change by the affirmative vote of a majority of the combined voting power of the then outstanding capital stock of NRG entitled to vote on any amendment or repeal of the bylaws.

Notice Provisions Relating to Stockholder Proposals and Nominees

NRG's bylaws also impose some procedural requirements on stockholders who wish to make nominations in the election of directors or propose any other business to be brought before an annual or special meeting of stockholders.

Specifically, a stockholder may (i) bring a proposal before an annual meeting of stockholders, (ii) nominate a candidate for election to the NRG Board at an annual meeting of stockholders, or (iii) nominate a candidate for election to the NRG Board at a special meeting of stockholders that has been called for the purpose of electing directors, only if such stockholder delivers timely notice to NRG's corporate secretary. The notice must be in writing and must include certain information and comply with the delivery requirements as set forth in the bylaws.

To be timely, a stockholder's notice must be received at the principal executive offices of NRG:

- in the case of a nomination or other business in connection with an annual meeting of stockholders, not later than the close of business on the 90th day nor earlier than the close of business on the 120th day prior to the first anniversary of the previous year's annual meeting of stockholders; provided, however, that if the date of the annual meeting is advanced more than 30 days before or delayed more than 70 days after the first anniversary of the preceding year's annual meeting, notice by the stockholder must be delivered not earlier than the close of business on the 120th day prior to such annual meeting and not later than the close of business on the later of the 90th day prior to such annual meeting or the 10th day following the day on which public announcement of the date of such meeting is first made by NRG; or

- in the case of a nomination in connection with a special meeting of stockholders, not earlier than the 120th day prior to such special meeting and not later than the close of business on the later of the 90th day before such special meeting or the 10th day following the day on which public announcement of the date of such meeting is first made by NRG.

With respect to special meetings of stockholders, NRG's bylaws provide that only such business shall be conducted as shall have been stated in the notice of the meeting.

Delaware Anti-takeover Law

NRG is subject to Section 203 of the General Corporation Law of the State of Delaware. Section 203 provides that, subject to certain exceptions specified in the law, a Delaware corporation shall not engage in certain "business combinations" with any "interested stockholder" for a three-year period following the time that the stockholder became an interested stockholder unless:

- prior to such time, the NRG Board approved either the business combination or the transaction that resulted in the stockholder becoming an interested stockholder;
- upon consummation of the transaction that resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock outstanding at the time the transaction commenced, excluding certain shares; or
- at or subsequent to that time, the business combination is approved by the NRG Board and by the affirmative vote of holders of at least $66^2/_3\%$ of the outstanding voting stock that is not owned by the interested stockholder.

Generally, a "business combination" includes a merger, asset or stock sale or other transaction resulting in a financial benefit to the interested stockholder. Subject to certain exceptions, an "interested stockholder" is a person who, together with that person's affiliates and associates, owns, or within the previous three years did own, 15% or more of NRG's voting stock.

Under certain circumstances, Section 203 makes it more difficult for a person who would be an "interested stockholder" to effect various business combinations with a corporation for a three-year period. The provisions of Section 203 may encourage companies interested in acquiring NRG to negotiate in advance with the NRG Board because the stockholder approval requirement would be avoided if the NRG Board approves either the business combination or the transaction that results in the stockholder becoming an interested stockholder. These provisions also may make it more difficult to accomplish transactions that stockholders may otherwise deem to be in their best interests.

LEGAL MATTERS

Certain legal matters relating to the validity of the shares of common stock distributed under this prospectus will be passed upon for us by David R. Hill, Executive Vice President and General Counsel of the Company.

EXPERTS

The consolidated financial statements and schedule of NRG Energy, Inc. as of December 31, 2012 and 2011, and for each of the years in the three-year period ended December 31, 2012, and management's assessment of the effectiveness of internal control over financial reporting as of December 31, 2012 have been incorporated by reference herein upon the reports of KPMG LLP, independent registered public accounting firm, and upon the authority of said firm as experts in accounting and auditing.

The financial statements of Edison Mission Energy as of December 31, 2013 and 2012 and for each of the three years in the period ended December 31, 2013 included in this prospectus have been so included in reliance on the report (which contains an explanatory paragraph relating to Edison Mission Energy's ability to continue as a going concern as described in Note 1 to the financial statements) of PricewaterhouseCoopers LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

The financial statements of Midwest Generation, LLC as of December 31, 2013 and 2012 and for each of the three years in the period ended December 31, 2013 included in this prospectus have been so included in reliance on the report (which contains an explanatory paragraph relating to the Midwest Generation LLC's ability to continue as a going concern as described in Note 1 to the financial statements) of PricewaterhouseCoopers LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

INCORPORATION BY REFERENCE

The SEC allows us to "incorporate by reference" the information we file with them into this prospectus, which means that we can disclose important information to you by referring you to those documents and those documents will be considered part of this prospectus. We incorporate by reference the documents listed below that we file with the SEC under Sections 13(a), 14 or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") (other than portions of these documents deemed to be "furnished" or not deemed to be "filed," including the portions of these documents that are either (1) described in paragraphs (d)(1), (d)(2), (d)(3) or (e)(5) of Item 407 of Regulation S-K promulgated by the SEC or (2) furnished under Item 2.02 or Item 7.01 of a Current Report on Form 8-K, including any exhibits included with such Items):

- our annual report on Form 10-K for the year ended December 31, 2012 filed on February 27, 2013;
- the information specifically incorporated by reference into our Form 10-K from our proxy statement for our 2013 Annual Meeting of Stockholders filed on Schedule 14A on March 13, 2013;
- our quarterly reports on Form 10-Q for the quarters ended March 31, 2013 (filed May 7, 2013), June 30, 2013 (filed August 9, 2013 and September 30, 2013 (filed November 12, 2013)); and
- our current reports on Form 8-K filed on January 9, 2013, March 1, 2013, March 13, 2013, April 29, 2013, May 3, 2013, June 7, 2013, June 10, 2013, September 6, 2013, October 8, 2013, October 18, 2013, October 21, 2013, November 13, 2013 (on which date two reports were filed) and December 2, 2013.

If you make a request for such information in writing or by telephone, we will provide you, without charge, a copy of any or all of the information incorporated by reference in this prospectus. Any such request should be directed to:

NRG Energy, Inc.
211 Carnegie Center
Princeton, NJ 08540
(609) 524-4500
Attention: General Counsel

You should rely only on the information contained in, or incorporated by reference in, this prospectus. We have not authorized anyone else to provide you with different or additional information. This prospectus does not offer to sell or solicit any offer to buy any securities in any jurisdiction where the offer or sale is unlawful. You should not assume that the information in this prospectus or in any document incorporated by reference is accurate as of any date other than the date on the front cover of the applicable document.

WHERE YOU CAN FIND MORE INFORMATION

We have filed with the SEC a registration statement on Form S-1 under the Securities Act of 1933, as amended, with respect to the shares of common stock offered hereby. This prospectus, which constitutes a part of the registration statement, does not contain all of the information set forth in the registration statement or the exhibits and schedules filed therewith. For further information with respect to NRG Energy, Inc. and the common stock offered hereby, reference is made to the registration statement and the exhibits and schedules filed therewith. Statements contained in this prospectus regarding the contents of any contract or any other document that is filed as an exhibit to the registration statement are not necessarily complete, and each such statement is qualified in all respects by reference to the full text of such contract or other document filed as an exhibit to the registration statement.

We file annual, quarterly and special reports, proxy statements and other information with the SEC. You can inspect and copy these reports, proxy statements and other information at the Public Reference Room of the SEC, 100 F Street, N.E., Room 1580, Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the operation of the Public Reference Room. Our SEC filings will also be available to you on the SEC's website. The address of this site is *http://www.sec.gov*.

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EDISON MISSION ENERGY AND SUBSIDIARIES
REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholder of Edison Mission Energy:

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of operations, comprehensive income (loss), total equity and cash flows present fairly, in all material respects, the financial position of Edison Mission Energy and its subsidiaries at December 31, 2012 and 2011, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2012 in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As more fully discussed in Note 1 to the consolidated financial statements, on December 17, 2012, the Company and several of its subsidiaries filed voluntary petitions for relief under the provisions of Chapter 11 of the United States Bankruptcy Code. Uncertainties inherent in the bankruptcy process raise substantial doubt about the Company's ability to continue as a going concern. Management's plans in regard to these matters are described in Note 16. The accompanying consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

As discussed in the consolidated statements of total equity, the Company changed the manner in which it accounts for variable interest entities as of January 1, 2010.

/s/ PricewaterhouseCoopers LLP
Los Angeles, California
March 15, 2013

MIDWEST GENERATION, LLC AND SUBSIDIARIES
REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Managers and Member of Midwest Generation, LLC:

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of operations, comprehensive income (loss), member's equity and cash flows present fairly, in all material respects, the financial position of Midwest Generation, LLC and its subsidiaries at December 31, 2012 and 2011, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2012 in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As more fully discussed in Note 1 to the consolidated financial statements, on December 17, 2012, the Company filed voluntary petitions for relief under the provisions of Chapter 11 of the United States Bankruptcy Code. Uncertainties inherent in the bankruptcy process raise substantial doubt about the Company's ability to continue as a going concern. Management's plans in regard to these matters are described in Note 16. The accompanying consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ PricewaterhouseCoopers LLP
Los Angeles, California
March 15, 2013

EDISON MISSION ENERGY AND SUBSIDIARIES

(Debtor-in-Possession)

CONSOLIDATED STATEMENTS OF OPERATIONS

(in millions)

	Years Ended December 31,		
	2012	2011	2010
Operating Revenues	$ 1,287	$ 1,653	$ 1,788
Operating Expenses			
Fuel	602	530	531
Plant operations	495	571	538
Plant operating leases	75	75	75
Depreciation and amortization	268	289	229
Asset impairments and other charges	28	714	44
Administrative and general	147	172	177
Total operating expenses	1,615	2,351	1,594
Operating income (loss)	(328)	(698)	194
Other Income (Expense)			
Equity in income from unconsolidated affiliates	46	86	104
Dividend income	12	30	19
Interest income	2	1	2
Interest expense	(326)	(322)	(262)
Other income, net	—	15	8
Total other expense	(266)	(190)	(129)
Income (loss) from continuing operations before reorganization items and income taxes	(594)	(888)	65
Reorganization items	43	—	—
Provision (benefit) for income taxes	160	(441)	(16)
Income (Loss) From Continuing Operations	(797)	(447)	81
Income (Loss) from Operations of Discontinued Subsidiaries, net of tax (Note 14)	(112)	(632)	82
Net Income (Loss)	(909)	(1,079)	163
Net (Income) Loss Attributable to Noncontrolling Interests (Note 3)	(16)	1	1
Net Income (Loss) Attributable to Edison Mission Energy Common Shareholder	$ (925)	$ (1,078)	$ 164
Amounts Attributable to Edison Mission Energy Common Shareholder			
Income (loss) from continuing operations, net of tax	$ (813)	$ (446)	$ 82
Income (loss) from discontinued operations, net of tax	(112)	(632)	82
Net Income (Loss) Attributable to Edison Mission Energy Common Shareholder	$ (925)	$ (1,078)	$ 164

The accompanying notes are an integral part of these consolidated financial statements.

EDISON MISSION ENERGY AND SUBSIDIARIES

(Debtor-in-Possession)

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(in millions)

	Years Ended December 31,		
	2012	2011	2010
Net Income (Loss)	$ (909)	$ (1,079)	$ 163
Other comprehensive income (loss), net of tax			
Valuation allowance on deferred tax asset	(6)	—	—
Pension and postretirement benefits other than pensions:			
Prior service adjustment, net of tax	—	—	(7)
Net gain (loss) adjustment, net of tax expense (benefit) of $4, $(10) and $(10) for 2012, 2011 and 2010, respectively	—	(15)	(14)
Amortization of net loss and prior service adjustment included in expense, net of tax	4	2	1
Unrealized gains (losses) on derivatives qualified as cash flow hedges			
Unrealized holding gains (losses) arising during the periods, net of income tax expense (benefit) of $(6), $(7), and $37 for 2012, 2011 and 2010,respectively	(17)	(12)	55
Reclassification adjustments included in net income (loss), net of income tax benefit of $16, $25 and $96 for 2012, 2011 and 2010,respectively	(25)	(38)	(144)
Other comprehensive loss, net of tax	(44)	(63)	(109)
Comprehensive Income (Loss)	(953)	(1,142)	54
Comprehensive (Income) Loss Attributable to Noncontrolling Interests	(16)	1	1
Comprehensive Income (Loss) Attributable to Edison Mission Energy Common Shareholder	$ (969)	$ (1,141)	$ 55

The accompanying notes are an integral part of these consolidated financial statements.

EDISON MISSION ENERGY AND SUBSIDIARIES

(Debtor-in-Possession)

CONSOLIDATED BALANCE SHEETS

(in millions)

	December 31, 2012	December 31, 2011
Assets		
Current Assets		
Cash and cash equivalents	$ 888	$ 1,221
Accounts receivable—trade	73	107
Receivables from affiliates	8	4
Inventory	175	169
Derivative assets	53	40
Restricted cash and cash equivalents	11	103
Margin and collateral deposits	61	41
Prepaid expenses and other	54	49
Assets of discontinued operations	—	207
Total current assets	1,323	1,941
Investments in Unconsolidated Affiliates	534	523
Property, Plant and Equipment, less accumulated depreciation of $1,431 and $1,295 at respective dates	4,516	4,472
Other Assets		
Deferred financing costs	44	71
Long-term derivative assets	37	62
Restricted deposits	102	22
Rent payments in excess of levelized rent expense under plant operating leases	836	760
Deferred taxes	—	205
Other long-term assets	128	222
Total other assets	1,147	1,342
Assets of Discontinued Operations	—	45
Total Assets	$ 7,520	$ 8,323

The accompanying notes are an integral part of these consolidated financial statements.

EDISON MISSION ENERGY AND SUBSIDIARIES

(Debtor-in-Possession)

CONSOLIDATED BALANCE SHEETS

(in millions, except share and per share amounts)

	December 31, 2012	December 31, 2011
Liabilities and Shareholder's Equity		
Current Liabilities		
Accounts payable	$ 29	$ 78
Payables to affiliates	34	187
Accrued liabilities and other	67	163
Derivative liabilities	—	1
Interest payable	1	33
Deferred taxes	—	2
Current portion of long-term debt	307	57
Short-term debt	382	—
Liabilities of discontinued operations	—	27
Total current liabilities	820	548
Liabilities subject to compromise	3,959	—
Long-term debt net of current portion	749	4,855
Deferred taxes and tax credits	81	—
Deferred revenues	533	530
Long-term derivative liabilities	118	90
Other long-term liabilities	528	627
Liabilities of discontinued operations	—	9
Total Liabilities	6,788	6,659
Commitments and Contingencies (Notes 5, 6, 9 and 10)		
Equity		
Common stock, par value $0.01 per share (10,000 shares authorized; 100 shares issued and outstanding at each date)	64	64
Additional paid-in capital	1,095	1,327
Retained earnings (deficit)	(577)	365
Accumulated other comprehensive loss	(138)	(94)
Total Edison Mission Energy common shareholder's equity	444	1,662
Noncontrolling Interests	288	2
Total Equity	732	1,664
Total Liabilities and Equity	$ 7,520	$ 8,323

The accompanying notes are an integral part of these consolidated financial statements.

Table of Contents

EDISON MISSION ENERGY AND SUBSIDIARIES

(Debtor-in-Possession)

CONSOLIDATED STATEMENTS OF TOTAL EQUITY

(in millions)

	Edison Mission Energy Shareholder's Equity					
	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Non-controlling Interests	Total Equity
Balance at December 31, 2009	$ 64	$ 1,339	$ 1,280	$ 78	$ 76	$ 2,837
Impact of consolidation and deconsolidation of variable interest entities(1)	—	—	10	—	(71)	(61)
Net income (loss)	—	—	164	—	(1)	163
Other comprehensive loss, net of tax	—	—	—	(109)	—	(109)
Payments to Edison International (EIX) for stock purchases related to stock-based compensation	—	—	(6)	—	—	(6)
Excess tax benefits related to stock option exercises	—	1	—	—	—	1
Other stock transactions, net	—	6	—	—	—	6
Purchase of noncontrolling interests	—	(10)	—	—	—	(10)
Balance at December 31, 2010	64	1,336	1,448	(31)	4	2,821
Net income (loss)	—	—	(1,078)	—	(1)	(1,079)
Other comprehensive loss, net of tax	—	—	—	(63)	—	(63)
Payments to EIX for stock purchases						

related to stock-based compensation	—	—	(5)	—	—	(5)
Excess tax benefits related to stock option exercises	—	2	—	—	—	2
Other stock transactions, net	—	4	—	—	—	4
Purchase of noncontrolling interests	—	(15)	—	—	(1)	(16)
Balance at December 31, 2011	64	1,327	365	(94)	2	1,664
Net income (loss)	—	—	(925)	—	16	(909)
Other comprehensive loss, net of tax	—	—	—	(44)	—	(44)
Payments to EIX for stock purchases related to stock-based compensation	—	—	(17)	—	—	(17)
Non-cash distribution to EIX(4)	—	(222)	—	—	—	(222)
Excess tax benefits related to stock option exercises	—	5	—	—	—	5
Other stock transactions, net	—	6	—	—	—	6
Contributions from noncontrolling interests(2)	—	—	—	—	288	288
Distributions to noncontrolling interests	—	—	—	—	(18)	(18)
Transfers of assets to Capistrano Wind Partners(3)	—	(21)	—	—	—	(21)
Balance at December 31, 2012	$ 64	$ 1,095	$ (577)	$ (138)	$ 288	$ 732

(1) Effective January 1, 2010, EME adopted new accounting guidance issued by the FASB related to the consolidation of VIEs. As a result of this guidance, EME prospectively consolidated a 50% interest in American Bituminous Power Partners, L.P. (Ambit) and deconsolidated the Elkhorn Ridge and San Juan Mesa wind projects. The impact of adopting this guidance resulted in a cumulative effect adjustment that increased retained earnings by $10 million.

EDISON MISSION ENERGY AND SUBSIDIARIES

(Debtor-in-Possession)

CONSOLIDATED STATEMENTS OF TOTAL EQUITY (Continued)

(in millions)

(2) Funds contribution by third-party investors related to the Capistrano Wind equity capital raise are reported in noncontrolling interest. For further information, see Note 3—Variable Interest Entities—Projects or Entities that are Consolidated—Capistrano Wind Equity Capital.

(3) Additional paid in capital was reduced by $21 million due to a new tax basis in the assets transferred to Capistrano Wind Partners. For further information, see Note 3—Variable Interest Entities—Projects or Entities that are Consolidated—Capistrano Wind Equity Capital.

(4) During the fourth quarter of 2012, EME recorded a non-cash distribution to EIX related to the tax-allocation agreement. See Note 7—Income Taxes—EME—Current and Deferred Taxes.

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

EDISON MISSION ENERGY AND SUBSIDIARIES

(Debtor-in-Possession)

(in millions)

	Years Ended December 31,		
	2012	2011	2010
Cash Flows From Operating Activities			
Net (loss) income	$ (909)	$ (1,079)	$ 163
Adjustments to reconcile (loss) income to net cash provided by operating activities:			
Non-cash reorganization items	23	—	—
Equity in income from unconsolidated affiliates	(46)	(85)	(104)
Distributions from unconsolidated affiliates	24	82	91
Depreciation and amortization	292	330	260
Deferred taxes and tax credits	162	(903)	162
Loss on disposal and asset impairments	117	1,738	45
Proceeds from US Treasury Grants	44	388	92
Changes in operating assets and liabilities:			
(Increase) decrease in margin and collateral deposits	(20)	14	60
Decrease (increase) in receivables	30	251	(65)
Increase in inventory	(6)	(42)	(17)
(Increase) decrease in prepaid expenses and other	(9)	(9)	7
Decrease (increase) in restricted cash and cash equivalents	(2)	(4)	68
Increase in rent payments in excess of levelized rent expense	(76)	(76)	(95)
Increase (decrease) in payables and other current liabilities	5	172	(141)
Increase in derivative assets and liabilities	(26)	—	(34)
Increase in other operating—assets	(2)	(73)	(12)
(Decrease) increase in other operating—liabilities	(68)	(44)	97
Operating cash flows from continuing operations	(467)	660	577
Operating cash flows from discontinued operations, net	(46)	(34)	29
Net cash (used in) provided by operating activities	(513)	626	606
Cash Flows From Financing Activities			
Borrowings under long-term debt	79	481	211
Payments on debt	(56)	(107)	(48)
Borrowings under short-term debt	195	32	96
Borrowing held in escrow pending completion of project construction	97	(97)	—
Cash contributions from noncontrolling interests	288	—	—
Cash dividends to noncontrolling interests	(18)	—	—
Payments to affiliates related to stock-based awards	(17)	(8)	(6)
Excess tax benefits related to stock-based exercises	5	2	1
Financing costs	(9)	(26)	(19)
Net cash provided by financing activities from continuing operations	564	277	235
Cash Flows From Investing Activities			
Capital expenditures	(355)	(672)	(556)
Proceeds from return of capital and loan repayments and sale of assets	14	55	34
Proceeds from settlement of insurance claims	2	—	—
Purchase of interest of acquired companies	—	(3)	(4)
Investments in and loans to unconsolidated affiliates	—	(10)	(7)
Maturities of short-term investments	—	—	1
Increase in restricted deposits and restricted cash and cash equivalents	(83)	(4)	(5)
Investments in other assets	(8)	(30)	(7)
Investing cash flows from continuing operations	(430)	(664)	(544)
Investing cash flows from discontinued operations, net	(31)	(14)	(18)
Net cash used in investing activities	(461)	(678)	(562)
Net (decrease) increase in cash and cash equivalents from continuing operations	(333)	273	268
Cash and cash equivalents at beginning of period from continuing operations	1,221	948	680
Cash and cash equivalents at end of period from continuing operations	888	1,221	948
Net (decrease) increase in cash and cash equivalents from discontinued operations	(77)	(48)	11
Cash and cash equivalents at beginning of period from discontinued operations	79	127	116
Cash and cash equivalents at end of period from discontinued operations	$ 2	$ 79	$ 127

The accompanying notes are an integral part of these consolidated financial statements.

MIDWEST GENERATION, LLC AND SUBSIDIARIES

(Debtor-in-Possession)

CONSOLIDATED STATEMENTS OF OPERATIONS

(in millions)

	Years Ended December 31,		
	2012	2011	2010
Operating Revenues from Marketing Affiliate	$ 892	$ 1,286	$ 1,479
Operating Expenses			
Fuel	582	512	519
Plant operations	369	457	447
Depreciation and amortization	128	158	155
Asset impairments and other charges	14	653	48
Administrative and general	18	22	22
Impairment of loan to affiliate (Note 15)	1,378	—	—
Total operating expenses	2,489	1,802	1,191
Operating income (loss)	(1,597)	(516)	288
Other Income (Expense)			
Interest and other income	110	114	117
Interest expense	(33)	(40)	(48)
Total other income	77	74	69
Income (loss) before reorganization items and income taxes	(1,520)	(442)	357
Reorganization items	6	—	—
Provision (benefit) for income taxes	(62)	(172)	142
Net Income (Loss)	$ (1,464)	$ (270)	$ 215

The accompanying notes are an integral part of these consolidated financial statements.

MIDWEST GENERATION, LLC AND SUBSIDIARIES

(Debtor-in-Possession)

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(in millions)

	Years Ended December 31,		
	2012	2011	2010
Net Income (Loss)	$ (1,464)	$ (270)	$ 215
Other comprehensive income (loss), net of tax			
Valuation allowance on deferred tax asset	(12)	—	—
Pension and postretirement benefits other than pensions:			
Prior service adjustment, net of tax	—	—	(6)
Net gain (loss) adjustment, net of tax expense (benefit) of $0, $(8) and $(4) for 2012, 2011 and 2010, respectively	(1)	(13)	(6)
Amortization of net loss and prior service adjustment included in expense, net of tax	2	1	—
Unrealized gains (losses) on derivatives qualified as cash flow hedges:			
Unrealized holding gains arising during period, net of income tax expense of $3, $15 and $29 for 2012, 2011 and 2010, respectively	4	23	45
Reclassification adjustments included in net income, net of income tax benefit of $17, $16 and $58 for 2012, 2011 and 2010, respectively	(26)	(25)	(90)
Other comprehensive loss, net of tax	(33)	(14)	(57)
Comprehensive Income (Loss)	$ (1,497)	$ (284)	$ 158

The accompanying notes are an integral part of these consolidated financial statements.

MIDWEST GENERATION, LLC AND SUBSIDIARIES

(Debtor-in-Possession)

CONSOLIDATED BALANCE SHEETS

(in millions, except unit amounts)

	December 31, 2012	December 31, 2011
Assets		
Current Assets		
Cash and cash equivalents	$ 95	$ 213
Due from affiliates, net (Note 15)	40	109
Inventory	165	159
Interest receivable from affiliate, net (Note 15)	—	55
Derivative assets	2	43
Deferred taxes	—	14
Other current assets	20	17
Total current assets	322	610
Property, Plant and Equipment, less accumulated depreciation of $1,260 and $1,152 at respective dates	2,078	2,185
Notes receivable from affiliate, net (Note 15)	—	1,323
Long-term derivative assets	—	1
Deferred taxes	—	42
Other long-term assets	28	29
Total Assets	$ 2,428	$ 4,190
Liabilities and Member's Equity		
Current Liabilities		
Accounts payable	$ 10	$ 35
Accrued liabilities	18	49
Due to affiliates	3	18
Interest payable	1	19
Derivative liabilities	3	2
Current portion of lease financings	6	116
Total current liabilities	41	239
Liabilities subject to compromise	529	—
Lease financings, net of current portion	2	439
Benefit plans and other long-term liabilities	190	243
Total Liabilities	762	921
Commitments and Contingencies (Notes 6, 9 and 10)		
Member's Equity		
Membership interests, no par value (100 units authorized, issued and outstanding at each date)	—	—
Additional paid-in capital	3,405	3,511
Accumulated deficit	(1,689)	(225)
Accumulated other comprehensive loss	(50)	(17)
Total Member's Equity	1,666	3,269
Total Liabilities and Member's Equity	$ 2,428	$ 4,190

The accompanying notes are an integral part of these consolidated financial statements.

MIDWEST GENERATION, LLC AND SUBSIDIARIES

(Debtor-in-Possession)

CONSOLIDATED STATEMENTS OF MEMBER'S EQUITY

(in millions)

	Membership Interests	Additional Paid-in Capital	Accumulated Earnings (Deficit)	Accumulated Other Comprehensive Income (Loss)	Member's Equity
Balance at December 31, 2009	$ —	$ 3,511	$ 180	$ 54	$ 3,745
Net income	—	—	215	—	215
Other comprehensive loss	—	—	—	(57)	(57)
Cash distribution to parent	—	—	(125)	—	(125)
Balance at December 31, 2010	—	3,511	270	(3)	3,778
Net loss	—	—	(270)	—	(270)
Other comprehensive loss	—	—	—	(14)	(14)
Cash distribution to parent	—	—	(225)	—	(225)
Balance at December 31, 2011	—	3,511	(225)	(17)	3,269
Net loss	—	—	(1,464)	—	(1,464)
Other comprehensive loss	—	—	—	(33)	(33)
Non-cash distribution to parent(1)	—	(106)	—	—	(106)
Balance at December 31, 2012	$ —	$ 3,405	$ (1,689)	$ (50)	$ 1,666

(1) During 2012, Midwest Generation recorded a non-cash distribution to its parent related to the tax-allocation agreement. See Note 7—Income Taxes—Midwest Generation—Current and Deferred Taxes.

The accompanying notes are an integral part of these consolidated financial statements.

MIDWEST GENERATION, LLC AND SUBSIDIARIES

(Debtor-in-Possession)

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in millions)

	Years Ended December 31,		
	2012	2011	2010
Cash Flows From Operating Activities			
Net (loss) income	$ (1,464)	$ (270)	$ 215
Adjustments to reconcile (loss) income to net cash provided by operating activities:			
Non-cash reorganization items	6	—	—
Depreciation and amortization	129	160	156
Deferred taxes and tax credits	54	(145)	(33)
Loss on disposal and asset impairments	14	653	48
Impairment of loan to affiliate	1,378	—	—
Other items	—	—	(3)
Changes in operating assets and liabilities:			
Decrease in due to/from affiliates	(64)	28	9
Increase in inventory	(6)	(36)	(15)
Increase in other current assets	(3)	(25)	(2)
Decrease in emission allowances	—	2	9
Decrease in accounts payable and other current liabilities	(34)	(7)	(3)
Decrease in interest payable	(5)	(4)	(4)
Decrease (increase) in derivative assets and liabilities	6	1	(20)
Increase in other operating—liabilities	2	7	44
Net cash provided by operating activities	13	364	401
Cash Flows From Financing Activities			
Cash distributions to parent	—	(225)	(125)
Repayments of lease financing	(116)	(109)	(120)
Net cash used in financing activities	(116)	(334)	(245)
Cash Flows From Investing Activities			
Capital expenditures	(30)	(103)	(107)
Proceeds from sale of assets	3	—	—
Proceeds from sale of emission allowances	—	—	3
Proceeds from settlement of insurance claims	2	—	1
Increase in restricted deposits and restricted cash and cash equivalents	(2)	—	—
Investments in other assets	—	(18)	—
Repayment of loan from affiliate	12	9	5
Net cash used in investing activities	(15)	(112)	(98)
Net (decrease) increase in cash and cash equivalents	(118)	(82)	58
Cash and cash equivalents at beginning of period	213	295	237
Cash and cash equivalents at end of period	$ 95	$ 213	$ 295

The accompanying notes are an integral part of these consolidated financial statements.

EDISON MISSION ENERGY AND SUBSIDIARIES

MIDWEST GENERATION, LLC AND SUBSIDIARIES

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (EME and Midwest Generation, except as noted)

This is a combined annual report of Edison Mission Energy (EME) and its indirect subsidiary Midwest Generation, LLC (Midwest Generation). EME is a holding company whose subsidiaries and affiliates are engaged in the business of developing, acquiring, owning or leasing, operating and selling energy and capacity from independent power production facilities. EME also sells energy and capacity under contracts to specific purchasers, or on a merchant basis in the marketplace and into wholesale markets. It also engages in hedging and energy trading activities in power markets, and provides scheduling and other services through its Edison Mission Marketing & Trading, Inc. (EMMT) subsidiary.

EME's coal-fired facilities are primarily owned or leased and operated by Midwest Generation. As of December 31, 2012, Midwest Generation operated 4,619 megawatts (MW) of power plants in Illinois (the Midwest Generation plants) based on installed capacity acknowledged by PJM Interconnection, LLC (PJM):

- the Powerton, Joliet, Will County, and Waukegan coal-fired generating plants consisting of 4,314 MW; and
- the Fisk and Waukegan on-site, oil-fired generating peakers consisting of 305 MW.

Midwest Generation leases the Powerton Station and Units 7 and 8 of the Joliet Station from third-party lessors pursuant to a sale-leaseback transaction completed in August 2000 (the Powerton and Joliet Sale Leaseback). Midwest Generation's obligations under these leases are guaranteed by EME. In connection with the Powerton and Joliet Sale Leaseback, Midwest Generation facilitated the issuance of lessor debt of $1.147 billion in the form of pass-through certificates (the Senior Lease Obligation Bonds).

In December 2012, EME completed a transaction that transferred substantially all of the remaining assets and certain specified liabilities of its coal-fired generating facility in Indiana County, Pennsylvania (Homer City) as well as its leasehold interest in the Homer City generating station to an affiliate of General Electric Capital Corporation (GECC).

EME is incorporated under the state laws of Delaware and is an indirect subsidiary of Edison International (EIX). Midwest Generation, a Delaware limited liability company, is a wholly owned subsidiary of Edison Mission Midwest Holdings Co. Edison Mission Midwest Holdings is a wholly owned subsidiary of Midwest Generation EME, LLC, which is in turn a wholly owned subsidiary of EME.

Chapter 11 Cases

During 2012, EME and Midwest Generation experienced operating losses due to low realized energy and capacity prices, high fuel costs and low generation at the Midwest Generation plants. These operating losses are a continuation of trends initially experienced in the fourth quarter of 2011. A continuation of these adverse trends coupled with pending debt maturities and the need to retrofit the Midwest Generation plants to comply with governmental regulations were expected to exhaust EME's and Midwest Generation's liquidity. Consequently, on December 17, 2012, EME and 16 of its wholly owned subsidiaries, Camino Energy Company, Chestnut Ridge Energy Company, Edison Mission Energy Fuel Services, LLC, Edison Mission Fuel Resources, Inc., Edison Mission Fuel

EDISON MISSION ENERGY AND SUBSIDIARIES

MIDWEST GENERATION, LLC AND SUBSIDIARIES

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 1. Summary of Significant Accounting Policies (EME and Midwest Generation, except as noted) (Continued)

Transportation, Inc., Edison Mission Holdings Co., Edison Mission Midwest Holdings Co., Midwest Finance Corp., Midwest Generation EME, LLC, Midwest Generation, Midwest Generation Procurement Services, LLC, Midwest Peaker Holdings, Inc., Mission Energy Westside, Inc., San Joaquin Energy Company, Southern Sierra Energy Company and Western Sierra Energy Company (collectively, the Debtor Entities) filed voluntary petitions for relief under Chapter 11 (the Chapter 11 Cases) of the United States Bankruptcy Code (the Bankruptcy Code) in the United States Bankruptcy Court for the Northern District of Illinois, Eastern Division (the Bankruptcy Court).

The Debtor Entities remain in possession of their property and continue their business operations uninterrupted as "debtors-in-possession" under the jurisdiction of the Bankruptcy Court and in accordance with the applicable provisions of the Bankruptcy Code and orders of the Bankruptcy Court. Other than the Debtor Entities, none of EME's other direct or indirect subsidiaries is a debtor in the Chapter 11 Cases.

Under Section 362 of the Bankruptcy Code, the filing of the Chapter 11 Cases automatically stayed most actions against the Debtor Entities, including actions to enforce the payment of EME's $3.7 billion of unsecured senior notes and Midwest Generation's obligations related to the Powerton and Joliet Sale Leaseback. Absent an order from the Bankruptcy Court, substantially all of the Debtor Entities' pre-petition liabilities are subject to settlement under a reorganization plan.

The filing of the Chapter 11 Cases constitutes events of default of Midwest Generation's obligations under the Powerton and Joliet Sale Leaseback, and under instruments governing the Senior Lease Obligation Bonds issued to finance these leases. On December 16, 2012, EME and Midwest Generation entered into a forbearance agreement with the Powerton and Joliet leases' owner-lessors, the owner-lessors' equity owners, and approximately 72 percent of the holders of the Senior Lease Obligation Bonds. Under the terms of the agreement, the parties agreed to forbear from exercising certain rights and remedies for 60 days. Under the terms of the agreement, Midwest Generation did not make the scheduled payments of $76 million on January 2, 2013 but on February 15, 2013, did pay the ratable portion of the rent due under the leases attributable to the period between December 17, 2012 and January 2, 2013 of $7 million. On February 28, 2013, the parties agreed to extend the forbearance agreement until the earlier of April 5, 2013 or notice of withdrawal from the agreement by approximately 60 percent of the holders of the Senior Lease Obligation Bonds. The Chapter 11 Cases may also constitute events of default under the $191 million nonrecourse financing of the Wildorado, San Juan Mesa and Elkhorn Ridge wind projects (the Viento II Financing) and the $69 million nonrecourse financing of the High Lonesome wind project. Short-term forbearance agreements have been executed with the lenders and the EME subsidiary borrowers to these financing agreements and, as a result, the EME subsidiaries that have obligations pursuant to these financings are currently not included in the Chapter 11 Cases. The Chapter 11 Cases could also potentially give rise to counterparty rights and remedies under other documents. For further discussion, see Note 5—Debt and Credit Agreements and Note 9—Commitments and Contingencies—Powerton and Joliet Sale Leaseback.

Midwest Generation is not expected to generate sufficient cash flows from operating activities, and will likely need to borrow funds, receive additional contributions from EME or find other sources of capital to fund the retrofits of its coal-fired plants. EME's ability to provide capital to Midwest Generation is subject to its own liquidity constraints and oversight by EME's creditors. Accordingly, to

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MIDWEST GENERATION, LLC AND SUBSIDIARIES

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 1. Summary of Significant Accounting Policies (EME and Midwest Generation, except as noted) (Continued)

conserve cash, Midwest Generation has applied for a variance which could delay certain capital expenditures for environmental retrofits at the Midwest Generation plants. There is no assurance that Midwest Generation will be able to obtain such a variance.

Following extensive discussions with certain of its unsecured noteholders (the Noteholders) and EIX regarding EME's financial condition, in December 2012, EME entered into a Transaction Support Agreement (the Support Agreement) with these parties. The Support Agreement contemplates agreements between the parties, subject to the execution of definitive documentation and the approval of the Bankruptcy Court, that are intended to maximize the value of the Debtor Entities' estates and ultimately result in a substantial deleveraging of EME's balance sheet. The Support Agreement provides that the parties will negotiate a Master Restructuring Agreement that will provide for amendment and assumption of tax-allocation agreements to provide for tax payments through December 31, 2014, and provides for the cancellation of EIX's 100 percent equity interest in EME on the effective date of a confirmed plan of reorganization. If EME is unable to implement the restructuring contemplated by the Support Agreement, it is unclear whether EME, Midwest Generation and the other Debtor Entities will be able to reorganize their businesses. There can be no assurance as to the timing of receipt of required approvals or when a restructuring plan might become effective. For further discussion, see Note 5—Debt and Credit Agreements and Note 16—Restructuring Activities.

At December 31, 2012, EME, and its subsidiaries without contractual dividend restrictions, had cash and cash equivalents of $815 million, which includes Midwest Generation cash and cash equivalents of $95 million. EME's and Midwest Generation's previous revolving credit agreements have been terminated or expired and no longer are sources of liquidity.

The accompanying consolidated financial statements have been prepared assuming that EME and Midwest Generation will continue as going concerns. Financial statements prepared on this basis assume the realization of assets and the satisfaction of liabilities in the normal course of business for the 12-month period following the date of the financial statements. The accompanying consolidated financial statements do not include any adjustments related to the recoverability and classification of assets or the amounts and classification of liabilities or any other adjustments that might be necessary if EME and Midwest Generation were unable to continue as going concerns. EME and Midwest Generation are currently developing a plan for their restructuring, but there is no assurance such a plan will be successfully implemented. EME's and Midwest Generation's ability to continue as going concerns is dependent on many factors, including the successful development of a confirmed plan of reorganization and an emergence from bankruptcy. Uncertainty as to the outcome of these factors raises substantial doubt about EME's and Midwest Generation's ability to continue as going concerns.

Basis of Presentation

The consolidated financial statements of EME reflect the accounts of EME and its subsidiary, Midwest Generation. The consolidated financial statements of EME also include the accounts of partnerships in which EME has a controlling interest and variable interest entities (VIEs) in which EME is deemed the primary beneficiary. EME's investments in unconsolidated affiliates and VIEs, in which EME is not deemed to be the primary beneficiary, are mainly accounted for by the equity method. For a discussion of EME's VIEs, see Note 3—Variable Interest Entities. Midwest Generation's

EDISON MISSION ENERGY AND SUBSIDIARIES

MIDWEST GENERATION, LLC AND SUBSIDIARIES

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 1. Summary of Significant Accounting Policies (EME and Midwest Generation, except as noted) (Continued)

consolidated financial statements include the accounts of Midwest Generation and its subsidiaries. All significant intercompany balances and transactions have been eliminated for each reporting entity. The notes to the consolidated financial statements apply to EME and Midwest Generation as indicated parenthetically next to each corresponding disclosure.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires EME and Midwest Generation to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

Cash Equivalents

Cash equivalents included money market funds totaling $615 million and $1.2 billion for EME and $75 million and $195 million for Midwest Generation at December 31, 2012 and December 31, 2011, respectively. The carrying value of cash equivalents equals the fair value as all investments have original maturities of less than three months.

Restricted Cash and Cash Equivalents, and Restricted Deposits

Restricted deposits consisted of cash balances that are restricted to pay amounts required for lease payments, debt service or to provide collateral. At December 31, 2012, EME' restricted cash and deposits included $49 million to support outstanding letters of credit issued under EME's letter of credit facilities. At December 31, 2011, EME's restricted deposits included $97 million received from a wind project financing that had been held in escrow.

Restricted deposits of $4 million and $3 million as of December 31, 2012 and 2011, respectively, were included in other long-term assets on Midwest Generation's consolidated balance sheet. These cash balances are restricted to provide collateral or other deposits required by contract.

Inventory

Inventory is stated at the lower of weighted-average cost or market. Inventory is recorded at actual cost when purchased and then expensed at weighted-average cost as used. Inventory consisted of the following:

	EME		Midwest Generation	
	December 31,		December 31,	
(in millions)	2012	2011	2012	2011
Coal, fuel oil and other raw materials	$ 123	$ 120	$ 119	$ 117
Spare parts, materials and supplies	52	49	46	42
Total inventory	$ 175	$ 169	$ 165	$ 159

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MIDWEST GENERATION, LLC AND SUBSIDIARIES

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 1. Summary of Significant Accounting Policies (EME and Midwest Generation, except as noted) (Continued)

VIEs (EME only)

A VIE is a legal entity whose equity owners do not have sufficient equity at risk, or as a group, the holders of the equity investment at risk lack any of the following three characteristics: decision making rights, the obligation to absorb losses, or the right to receive the residual returns of the entity. The primary beneficiary is identified as the variable interest holder that has both the power to direct the activities of the VIE that most significantly impact the entity's economic performance and the obligation to absorb losses or the right to receive benefits from the entity that could potentially be significant to the VIE. The primary beneficiary is required to consolidate the VIE unless specific exceptions or exclusions are met. Commercial and operating activities are generally the factors that most significantly impact the economic performance of VIEs in which EME has a variable interest. Commercial and operating activities include construction, operation and maintenance, fuel procurement, dispatch and compliance with regulatory and contractual requirements.

Allocation of Net Income or Losses to Investors in Certain VIEs (EME only)

During 2012, EME raised third-party capital to support the development of a portion of EME's wind portfolio by selling indirect equity interests in certain wind projects through a new venture, Capistrano Wind Partners. Capistrano Wind Partners' partnership agreements contain complex allocation provisions for taxable income and losses, tax credits and cash distributions. EME allocates net income for this consolidated investment to third-party investors based on the Hypothetical Liquidation Book Value (HLBV) method. HLBV is a balance sheet oriented approach that calculates the change in the claims of each partner on the net assets of the investment at the beginning and end of each period. Each partner's claim is equal to the amount each party would receive or pay if the net assets of the investment were to liquidate at book value and the resulting cash was then distributed to investors in accordance with their respective liquidation preferences. EME reports the net income (loss) attributable to the third-party investors as income (loss) attributable to noncontrolling interests in the consolidated statements of operations. For further information, see Note 3—Variable Interest Entities —Categories of VIEs—Capistrano Wind Equity Capital.

Purchased Emission Allowances, Exemptions and Offsets (EME only)

Purchased emission allowances are stated at the lower of weighted-average cost or market. Purchased emission allowances are recorded at cost when purchased and then expensed at weighted-average cost as used. Cost is reduced to market value if the market value of emission allowances has declined and it is probable that revenues earned from the generation of power will not cover the amounts recorded in the ordinary course of business. Purchased emission allowances are classified as current or long-term assets based on the time the allowances are expected to be used. At December 31, 2012 and 2011, EME had $16 million and $76 million, respectively, of purchased emission allowances, exemptions and offsets, primarily relatedto the Walnut Creek facility, reflected in other long-term assets in the accompanying consolidated balance sheets.

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MIDWEST GENERATION, LLC AND SUBSIDIARIES

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 1. Summary of Significant Accounting Policies (EME and Midwest Generation, except as noted) (Continued)

Property, Plant and Equipment

Property, plant and equipment, including leasehold improvements and construction in progress, are capitalized at cost. Depreciation and amortization are computed using the straight-line method over the estimated useful life of the property, plant and equipment and over the shorter of the lease term or estimated useful life for leasehold improvements. The costs of repairs and maintenance, including periodic major maintenance, are expensed as incurred.

As part of the acquisition of the Midwest Generation plants, EME acquired emission allowances under the United States Environmental Protection Agency's (US EPA) Acid Rain Program. EME uses these emission allowances in the normal course of its business to generate electricity and has classified them as part of property, plant and equipment. Acquired emission allowances are amortized on a straight-line basis.

Estimated useful lives for property, plant and equipment are as follows:

	EME	Midwest Generation
Power plant facilities	2.75 to 35 years	2.75 to 30 years
Leasehold improvements	Shorter of life of lease or estimated useful life	Shorter of life of lease or estimated useful life
Emission allowances	25 to 33.75 years	25 to 33.75 years
Equipment, furniture and fixtures	3 to 10 years	3 to 7 years
Plant and equipment under lease financing	not applicable	30 to 33.75 years

The remaining estimated useful life or lease term at December 31, 2012 for the Midwest Generation plants is as follows. Estimated useful lives of individual facilities could be impacted by decisions related to the installation of environmental remediation equipment. If environmental compliance equipment is not installed, the useful life may be shortened.

Joliet Unit 6	6 years
Joliet Units 7 and 8(1)	18 years
Powerton Station(1)	21 years
Will County Station	17 years

(1) Represents leased facilities. The leases may be renewed based on criteria outlined in their respective agreements.

Interest incurred on funds borrowed by EME is capitalized during the construction period. Such capitalized interest is included in property, plant and equipment. Capitalized interest is amortized over the depreciation period of the major plant and facilities for the respective project. Capitalized interest was $31 million, $27 million and $54 million in 2012, 2011 and 2010, respectively. Midwest Generation did not record capitalized interest during the period.

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MIDWEST GENERATION, LLC AND SUBSIDIARIES

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 1. Summary of Significant Accounting Policies (EME and Midwest Generation, except as noted) (Continued)

Asset Retirement Obligations

Authoritative guidance on asset retirement obligations (AROs) requires entities to record the fair value of a liability for an ARO in the period in which it is incurred, including a liability for the fair value of a conditional ARO, if the fair value can be reasonably estimated even though uncertainty exists about the timing and/or method of settlement. When an ARO liability is initially recorded, the entity capitalizes the cost by increasing the carrying amount of the related long-lived asset. Over time, the liability is increased for accretion expense to its present value each period, and the capitalized cost is depreciated over the useful life of the related asset. Settlement of an ARO liability for an amount other than its recorded amount results in an increase or decrease in expense.

EME and Midwest Generation have recorded a liability representing expected future costs associated with site reclamations, facilities dismantlement and removal of environmental hazards, which is included in other long-term liabilities on EME's consolidated balance sheets and benefit plans and other long-term liabilities on Midwest Generation's consolidated balance sheets.

Impairment of Long-Lived Assets

EME and Midwest Generation evaluate the impairment of long-lived assets based on a review of estimated future cash flows expected to be generated whenever events or changes in circumstances indicate that the carrying amount of such investments or assets may not be recoverable. EME's and Midwest Generation's unit of account is at the plant level and, accordingly, the closure of a unit at a multi-unit site would not result in an impairment of property, plant and equipment unless such condition were to affect an impairment assessment on the entire plant. If the carrying amount of a long-lived asset exceeds the expected future cash flows, undiscounted and without interest charges, an impairment loss is recognized for the excess of the carrying amount over fair value. Fair value is determined via market, cost and income based valuation techniques, as appropriate. For further discussion, see Note 13—Asset Impairments and Other Charges.

EME also evaluates investments in unconsolidated affiliates for potential impairment. If the carrying value of an unconsolidated affiliate exceeds its fair value, an impairment loss is recorded if the decline is other than temporary.

Sale Leaseback

Midwest Generation has entered into the Powerton and Joliet Sale Leaseback and EME has provided guarantees related to this transaction. Under the terms of the leases (33.75 years for Powerton and 30 years for Joliet), Midwest Generation makes semi-annual lease payments on each January 2 and July 2, which began January 2, 2001. If a lessor intends to sell its interest in the Powerton or Joliet Stations, Midwest Generation has a right of first refusal to acquire the interest at fair market value. Under the terms of each lease, Midwest Generation may request a lessor, at its option, to refinance the lessor debt, which, if completed, would affect the base lease rent. The gain on the sale of the power stations has been deferred and is being amortized over the term of the leases. For additional information on the Powerton and Joliet Sale Leaseback, see Note 9—Commitments and Contingencies —Lease Commitments.

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MIDWEST GENERATION, LLC AND SUBSIDIARIES

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 1. Summary of Significant Accounting Policies (EME and Midwest Generation, except as noted) (Continued)

EME

EME accounts for long-term leases associated with the Powerton and Joliet Sale Leaseback as operating leases on its separate consolidated financial statements. Minimum lease payments under operating leases are levelized (total minimum lease payments divided by the number of years of the lease) and recorded as rent expense over the terms of the leases. Lease payments in excess of the minimum are recorded as rent expense in the year incurred.

Midwest Generation

Midwest Generation accounts for the Powerton and Joliet Sale Leaseback as a lease financing in its separate consolidated financial statements. Accordingly, Midwest Generation records the power plants as assets in a similar manner to a capital lease and records depreciation expense from the power plants and interest expense from the lease financing.

Allowance for Losses on Notes Receivable (Midwest Generation only)

Notes receivable are evaluated for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. A valuation allowance will be recorded when it is probable that Midwest Generation will be unable to collect amounts due, including principal and interest, according to the contractual terms and schedule of the loan agreement. For additional information on Midwest Generation's impaired intercompany loan, see Note 15—Related Party Transactions.

Accounting for Reorganization

As a result of the EME and Midwest Generation Chapter 11 Cases, realization of assets and satisfaction of liabilities are subject to a significant number of uncertainties. The consolidated financial statements prepared under Accounting Standards Codification (ASC) 852 *Reorganizations* require the following accounting policies for debtors-in-possession.

Liabilities Subject to Compromise (LSTC)

Unsecured prepetition liabilities that have at least a possibility of not being fully repaid have been reclassified into LSTC, a separate line item on the consolidated balance sheet. LSTC, including claims that have become known after the bankruptcy filing, are reported on the basis of the probably allowed claim. For additional information, see Note 16—Restructuring Activities.

Reorganization Items

Adjustments to amounts classified as LSTC are presented as Reorganization Items, a separate line item on the consolidated statement of operations. Reorganization items include the write off of deferred financing costs of $15 million related to the classification of EME's senior notes as part of LSTC. Reorganization items also include direct and incremental costs of bankruptcy, such as professional fees. For additional information, see Note 16—Restructuring Activities.

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 1. Summary of Significant Accounting Policies (EME and Midwest Generation, except as noted) (Continued)

Interest Expense

EME and Midwest Generation will not pay interest expense during bankruptcy and it is not expected to be an allowable claim. Therefore, the filing entities will not accrue interest expense for financial reporting purposes; however, unpaid contractual interest is calculated for disclosure purposes.

Deferred Financing Costs (EME only)

Bank, legal and other direct costs incurred in connection with obtaining financing are deferred and amortized as interest expense on a basis that approximates the effective interest rate method over the term of the related debt. Amortization of deferred financing costs charged to interest expense was $19 million, $15 million and $5 million in 2012, 2011 and 2010, respectively. For additional information, see "Reorganization Items" above.

Revenue Recognition

Generally, revenues and related costs are recognized when electricity is generated, or services are provided, unless the transaction is accounted for as a derivative and does not qualify for the normal purchases and sales exception. EME's subsidiaries enter into power and fuel hedging, optimization transactions and energy trading contracts, all subject to market conditions. One of EME's subsidiaries executes these transactions primarily through the use of physical forward commodity purchases and sales and financial commodity swaps and options. With respect to its physical forward contracts, EME's subsidiaries generally act as the principal, take title to the commodities, and assume the risks and rewards of ownership. EME's subsidiaries record the settlement of non-trading physical forward contracts on a gross basis. EME nets the cost of purchased power against related third-party sales in markets that use locational marginal pricing, currently PJM. Financial swap and option transactions are settled net and, accordingly, EME's subsidiaries do not take title to the underlying commodity. Therefore, gains and losses from settlement of financial swaps and options are recorded net in operating revenues in the accompanying consolidated statements of operations.

Revenues under certain long-term power sales contracts are recognized based on the output delivered at the lower of the amount billable or the average rate over the contract term. The excess of the amounts billed over the portion recorded as revenues is reflected in deferred revenues on the consolidated balance sheets.

EME accounts for grant income on the deferred method and, accordingly, will recognize operating revenues related to such income over the estimated useful life of the projects. EME received US Treasury Grants of $44 million in 2012 and a total of $388 million in 2011.

Power Purchase Agreements (EME only)

EME enters into long-term power purchase agreements in the normal course of business. A power purchase agreement may be considered a variable interest in a VIE. Under this classification, the power purchase agreement is evaluated to determine if EME is the primary beneficiary in the VIE, in which case, such entity would be consolidated. EME does not have any power purchase agreements in which it is the primary beneficiary.

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 1. Summary of Significant Accounting Policies (EME and Midwest Generation, except as noted) (Continued)

A power purchase agreement may also contain a lease for accounting purposes. This generally occurs when a power purchase agreement (signed or modified after June 30, 2003) designates a specific power plant in which the buyer purchases substantially all of the output and does not otherwise meet a fixed price per unit of output exception. EME has a number of power purchase agreements that contain leases in which EME is considered the lessor. These agreements are classified as operating leases. EME records rental income under these contracts as electricity is delivered at rates defined in power sales agreements. Revenues from these power sales agreements were $124 million, $109 million and $81 million in 2012, 2011 and 2010, respectively.

A power purchase agreement that does not contain a lease may be classified as a derivative subject to a normal purchases and sales exception, in which case the power purchase agreement is classified as an executory contract. The contracts that are not eligible for the normal purchases and sales exception are defined as a derivative and are recorded on the consolidated balance sheets at fair value. For further information on derivatives and hedging activities, see Note 6—Derivative Instruments and Hedging Activities.

Power purchase agreements that do not meet the preceding classification are accounted for on the accrual basis.

Derivative Instruments and Hedging Activities

Authoritative guidance on derivatives and hedging establishes accounting and reporting standards for derivative instruments (including certain derivative instruments embedded in other contracts). EME and Midwest Generation are required to record derivatives on their balance sheets as either assets or liabilities measured at fair value unless otherwise exempted from derivative treatment as normal purchases and sales. All changes in the fair value of derivative instruments are recognized currently in earnings, unless specific hedge criteria are met, which requires that EME and Midwest Generation formally document, designate, and assess the effectiveness of transactions that receive hedge accounting.

EME and Midwest Generation use derivative instruments to reduce their exposure to market risks that arise from price fluctuations of electricity, capacity, fuel, emission allowances, transmission rights and interest rates. The derivative financial instruments vary in duration, ranging from a few days to several years, depending upon the instrument. To the extent that EME and Midwest Generation do not use derivative instruments to hedge these market risks, the unhedged portions will be subject to the risks and benefits of spot market price movements.

Risk management positions may be designated as cash flow hedges or economic hedges, which are derivatives that are not designated as cash flow hedges. Economic hedges are accounted for at fair value on EME's and Midwest Generation's consolidated balance sheets as derivative assets or liabilities with offsetting changes recorded on the consolidated statements of operations. For derivative instruments that qualify for hedge accounting treatment, the fair value is recognized on EME's and Midwest Generation's consolidated balance sheets as derivative assets or liabilities with offsetting changes in fair value, to the extent effective, recognized in accumulated other comprehensive loss until reclassified into earnings when the related forecasted transaction occurs. The portion of a cash flow

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Note 1. Summary of Significant Accounting Policies (EME and Midwest Generation, except as noted) (Continued)

hedge that does not offset the change in the fair value of the transaction being hedged, which is commonly referred to as the ineffective portion, is immediately recognized in earnings.

Derivative instruments that are utilized for EME's trading purposes are measured at fair value and included on the consolidated balance sheets as derivative assets or liabilities, with offsetting changes recognized in operating revenues on the consolidated statements of operations.

The accounting guidance for cash flow hedges provides that the effective portion of gains or losses on derivative instruments designated and qualifying as cash flow hedges be reported as a component of other comprehensive loss and be reclassified into earnings in the same period during which the hedged forecasted transaction affects earnings. The remaining gains or losses on the derivative instruments, if any, must be recognized currently in earnings.

Where EME's and Midwest Generation's derivative instruments are subject to a master netting agreement and the criteria of authoritative guidance are met, EME and Midwest Generation present their derivative assets and liabilities on a net basis on their consolidated balance sheets. In addition, derivative positions are offset against margin and cash collateral deposits. The results of derivative activities are recorded in cash flows from operating activities on the consolidated statements of cash flows.

Stock-Based Compensation (EME only)

EIX's stock options, performance shares, deferred stock units and restricted stock units have been granted to EME employees under EIX's long-term incentive compensation programs. Generally, EIX does not issue new common stock for settlement of equity awards. Rather, a third party is used to purchase shares from the market and deliver for settlement of option exercises, performance shares, and restricted stock units. EIX has discretion to settle certain performance shares awards in common stock; however, awards are generally settled half in cash and half in common stock. Deferred stock units granted to management are settled in cash and represent a liability. Restricted stock units are settled in common stock; however, EIX will substitute cash awards to the extent necessary to pay tax withholding or any government levies.

EME recognizes stock-based compensation expense on a straight-line basis over the requisite service period. EME recognizes stock-based compensation expense for awards granted to retirement-eligible participants on a prorated basis over the initial year or over the period between the date of grant and the date the participant first becomes eligible for retirement. At approximately the same time as the commencement of the Chapter 11 Cases, EME ceased participating in EIX's long-term incentive compensation programs, and does not expect that any new EIX stock-based compensation will be awarded to EME employees.

Income Taxes and Tax-Allocation Agreements

EME

EME is included in the consolidated federal and combined state income tax returns of EIX and participates in tax-allocation agreements with other subsidiaries of EIX. EME's tax provision is

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Note 1. Summary of Significant Accounting Policies (EME and Midwest Generation, except as noted) (Continued)

determined using the "benefits for losses" method. This method is similar to a separate company return, except that EME recognizes, without regard to separate company limitations, additional tax liabilities or benefits based on the impact to the combined group including EME's taxable income or losses and state apportionment factors. Realization of any tax benefits generated by EME is dependent on EME's continued inclusion in the consolidated EIX tax returns, and the generation of sufficient consolidated taxable income by the EIX consolidated tax group prior to the expiration of the loss and credit carryforwards. Differences between amounts recorded in tax provision under the benefits for losses method and the amount of cash expected to be paid or received through the intercompany tax allocation agreements are recorded to equity.

EME accounts for deferred income taxes using the asset-and-liability method, wherein deferred tax assets and liabilities are recognized for future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities using enacted income tax rates. In evaluating the realization of tax sharing assets, EME must determine the likelihood of receiving future tax-sharing payments under the tax-allocation agreements. In evaluating the realization of its deferred income tax assets, EME must determine whether it is more likely than not the EIX consolidated tax group will generate sufficient taxable income to utilize EME's deferred income tax assets during the period in which EME will likely remain part of the EIX consolidated income tax returns, or if it is more likely than not EME would utilize the deferred income tax assets on its own, after its expected separation from the group at its emergence from bankruptcy. During 2012, EME recorded a valuation allowance against its net deferred tax assets. For further information regarding the valuation allowance, see Note 7—Income Taxes.

Investment and energy tax credits are deferred and amortized over the term of the power purchase agreement of the respective project while production tax credits are recognized when earned. EME's investments in wind-powered electric generation projects qualify for federal production tax credits, unless a US Treasury Grant has been elected. Certain of EME's wind projects also qualify for state tax credits, which are accounted for similarly to federal production tax credits.

Interest income, interest expense and penalties associated with income taxes are reflected in provision (benefit) for income taxes on EME's consolidated statements of operations.

Midwest Generation

Midwest Generation is included in the consolidated federal and state income tax returns of EIX and is party to a tax-allocation agreement with its parent Edison Mission Midwest Holdings (the Midwest Generation Tax Allocation Agreement). Midwest Generation's tax allocation method is to allocate current tax liabilities or benefits on a separate return basis, except for the use of state tax apportionment factors of the EIX group for purposes of determining state income taxes. The Midwest Generation Tax Allocation Agreement only permits the use of net operating losses to offset future taxable income and does not include the right to receive payments. Accordingly, if Midwest Generation offsets net operating loss carryforwards against taxable income in the future, such tax benefits are accounted for as non-cash equity contributions from its parent at the time of use. Tax benefits recognized associated with net operating losses carrybacks that are not paid under the Midwest

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MIDWEST GENERATION, LLC AND SUBSIDIARIES

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 1. Summary of Significant Accounting Policies (EME and Midwest Generation, except as noted) (Continued)

Generation Tax Allocation Agreement are accounted for as non-cash distributions to the parent company.

Midwest Generation accounts for deferred income taxes using the asset-and-liability method, wherein deferred tax assets and liabilities are recognized for future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities using enacted income tax rates. In evaluating the realization of deferred income tax assets, Midwest Generation must determine whether it is more likely than not it would utilize its own deferred income tax assets in a hypothetical tax return prepared on a separate company basis. During 2012, Midwest Generation recorded a valuation allowance against its net deferred tax assets. For further information regarding the valuation allowance, see Note 7—Income Taxes.

Also, while Midwest Generation is generally subject to separate return limitations for net losses, under the Midwest Generation Tax Allocation Agreement it is permitted to transfer to Edison Mission Midwest Holdings, or its subsidiaries, net operating loss benefits or other current or deferred tax attributions, which would not yet be realized in a separate return in exchange for a reduction in Midwest Generation's intercompany account balances (including subordinated loans). Differences between amounts recorded in tax provision based on a hypothetical tax return prepared on a separate company basis and the amount of cash expected to be paid or received through the Midwest Generation Tax Allocation Agreement are recorded to equity.

Interest income, interest expense and penalties associated with income taxes are reflected in provision (benefit) for income taxes on Midwest Generation's consolidated statements of operations.

New Accounting Guidance

Accounting Guidance Adopted in 2012

Fair Value Measurement

In May 2011, the Financial Accounting Standards Board (FASB) issued an accounting standards update modifying the fair value measurement and disclosure guidance. This guidance prohibits grouping of financial instruments for purposes of fair value measurement and requires the value be based on the individual security. This amendment also results in new disclosures primarily related to Level 3 measurements including quantitative disclosure about unobservable inputs and assumptions, a description of the valuation processes and a narrative description of the sensitivity of the fair value to changes in unobservable inputs. EME and Midwest Generation adopted this guidance effective January 1, 2012. For further information, see Note 4—Fair Value Measurements.

Presentation of Comprehensive Income

In June 2011 and December 2011, the FASB issued accounting standards updates on the presentation of comprehensive income. An entity can elect to present items of net income and other comprehensive income in one continuous statement, referred to as the statement of comprehensive income, or in two separate but consecutive statements. EME and Midwest Generation adopted this guidance January 1, 2012 and elected to present two separate but consecutive statements. The adoption

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 1. Summary of Significant Accounting Policies (EME and Midwest Generation, except as noted) (Continued)

of these accounting standards updates did not change the items that constitute net income and other comprehensive income.

Accounting Guidance Not Yet Adopted

Offsetting Assets and Liabilities

In December 2011 and December 2012, the FASB issued accounting standards updates modifying the disclosure requirements about the nature of an entity's rights of offsetting assets and liabilities in the statement of financial position under master netting agreements and related arrangements associated with financial and derivative instruments. The guidance requires increased disclosure of the gross and net recognized assets and liabilities, collateral positions and narrative descriptions of setoff rights. EME and Midwest Generation adopted this guidance effective January 1, 2013.

Presentation of Items Reclassified out of Accumulated Other Comprehensive Income

In February 2013, the FASB issued an accounting standards update which requires disclosure related to items reclassified out of accumulated other comprehensive income. The guidance requires companies to present separately, for each component of other comprehensive income, current period reclassifications and the remainder of the current-period other comprehensive income. In addition, for certain current period reclassifications, an entity is required to disclose the effect of the item reclassified out of accumulated other comprehensive income on the respective line item(s) of net income. EME adopted this guidance effective January 1, 2013.

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MIDWEST GENERATION, LLC AND SUBSIDIARIES

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 2. Property, Plant and Equipment (EME, Midwest Generation)

Property, plant and equipment consisted of the following:

	EME		Midwest Generation	
	December 31,		December 31,	
(in millions)	2012	2011	2012	2011
Land	$ 36	$ 36	$ 32	$ 32
Power plant facilities	4,612	4,560	$ 1,293	$ 1,309
Leasehold improvements	4	4	—	—
Emission allowances	672	672	639	639
Construction in progress(1)	495	366	28	8
Equipment, furniture and fixtures	128	129	13	15
Plant and equipment under lease financing	—	—	1,333	1,334
	5,947	5,767	3,338	3,337
Less accumulated depreciation and amortization	1,431	1,295	1,260	1,152
Net property, plant and equipment	$ 4,516	$ 4,472	$ 2,078	$ 2,185

(1) Included $466 million and $357 million at December 31, 2012 and 2011, respectively, for EME's new gas and wind projects under construction.

The power sales agreements of certain EME wind projects qualify as operating leases pursuant to authoritative guidance on leases. The carrying amount and related accumulated depreciation of the property of these wind projects totaled $1.7 billion and $277 million, respectively, at December 31, 2012.

Property, plant and equipment for Midwest Generation includes leased properties pursuant to the Powerton and Joliet Sale Leaseback. Midwest Generation recorded amortization expense related to the leased facilities of $42 million for the three years ended December 31, 2012, 2011 and 2010, respectively. Accumulated amortization related to the leased facilities was $514 million and $472 million at December 31, 2012 and 2011, respectively.

For information on impairment charges relating to property, plant and equipment, see Note 13—Asset Impairments and Other Charges.

EDISON MISSION ENERGY AND SUBSIDIARIES

MIDWEST GENERATION, LLC AND SUBSIDIARIES

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 2. Property, Plant and Equipment (EME, Midwest Generation) (Continued)

Asset Retirement Obligations

EME

A reconciliation of the changes in EME's ARO liability is as follows:

	Years Ended December 31,		
(in millions)	2012	2011	2010
Beginning balance	$ 70	$ 47	$ 38
Accretion expense	5	5	2
Revisions	—	(1)	—
Liabilities added	5	19	8
Transfers out(1)	—	—	(1)
Ending balance	$ 80	$ 70	$ 47

(1) Transfers out represents the deconsolidation of two wind projects and consolidation of one coal project effective January 1, 2010.

EME has recorded AROs related to its wind facilities due to site lease obligations to return the land to grade at the end of the respective leases. Wind-related AROs cover site reclamation and turbine and related facility dismantlement. The earliest settlement of any of these obligations is anticipated to be in 2019. However, the operation of an individual facility may impact the timing of the ARO for that facility. Decisions made in conjunction with each facility's operation could extend or shorten the anticipated life depending on improvements and other factors.

Midwest Generation

A reconciliation of the changes in Midwest Generation's ARO liability is as follows:

	Years Ended December 31,		
(in millions)	2012	2011	2010
Beginning balance	$ 2	$ 2	$ 2
Accretion expense	—	1	—
Revisions	—	(1)	—
Ending balance	$ 2	$ 2	$ 2

Midwest Generation has conditional AROs related to asbestos removal and disposal costs for owned buildings and power plant facilities. Midwest Generation has not recorded a liability related to these structures because they cannot reasonably estimate the obligation's fair value at this time. The range of time over which Midwest Generation may settle these obligations in the future (demolition or other method) is sufficiently large to not allow for the use of expected present value techniques. At December 31, 2012, Midwest Generation had assets with a fair value of $4 million that were legally restricted for purposes of settling AROs.

EDISON MISSION ENERGY AND SUBSIDIARIES

MIDWEST GENERATION, LLC AND SUBSIDIARIES

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 3. Variable Interest Entities (EME only)

Description of Use of VIEs

EME and its subsidiaries and affiliates have used VIEs as part of joint development agreements and constructing or acquiring full or partial interests in power generation facilities and ancillary facilities, referred to by EME as a project. EME's subsidiaries and affiliates have financed the development and construction or acquisition of its projects by capital contributions from EME and the incurrence of debt or lease obligations by its subsidiaries and affiliates owning the operating facilities. These project level debt or lease obligations are generally secured by project specific assets and structured as nonrecourse to EME, with several exceptions, including EME's guarantee provided as part of the Powerton and Joliet Sale Leaseback.

Categories of VIEs

Projects or Entities that are Consolidated

At December 31, 2012 and December 31, 2011, EME consolidated 15 and 13 projects, respectively, with a total generating capacity of 878 MW and 570 MW, respectively, that have noncontrolling interests held by others. Projects consolidated at December 31, 2012 increased from December 31, 2011 primarily due to the Capistrano Wind equity capital transaction as discussed below. This increase was partially offset by the December 2012 sale of EME's 75% ownership interest in two Minnesota wind projects. In determining that EME was the primary beneficiary of the projects that are consolidated, key factors considered were EME's ability to direct commercial and operating activities and EME's obligation to absorb losses of the variable interest entities.

The following table presents summarized financial information of the projects that were consolidated by EME:

(in millions)	December 31, 2012	December 31, 2011
Current assets	$ 74	$ 36
Net property, plant and equipment	1,117	675
Other long-term assets	90	5
Total assets	$ 1,281	$ 716
Current liabilities	$ 50	$ 28
Long-term debt net of current portion	186	57
Deferred revenues	156	69
Long-term derivative liabilities	23	—
Other long-term liabilities	40	22
Total liabilities	$ 455	$ 176
Noncontrolling interests	$ 288	$ 2

Assets serving as collateral for the debt obligations had a carrying value of $497 million and $136 million at December 31, 2012 and December 31, 2011, respectively, and primarily consist of property, plant and equipment. The consolidated statements of operations and cash flows for the years

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 3. Variable Interest Entities (EME only) (Continued)

ended December 31, 2012 and 2011 includes $29 million and $22 million of pre-tax losses, respectively, and $75 million and $40 million of operating cash flows, respectively, related to VIEs that are consolidated.

Capistrano Wind Equity Capital

On February 13, 2012, Edison Mission Wind Inc. (Edison Mission Wind) sold its indirect equity interests in the Cedro Hill wind project (150 MW in Texas), the Mountain Wind Power I wind project (61 MW in Wyoming) and the Mountain Wind Power II wind project (80 MW in Wyoming) to a new venture, Capistrano Wind Partners. Outside investors provided $238 million of the funding. Capistrano Wind Partners also agreed to acquire the Broken Bow I wind project (80 MW in Nebraska) and the Crofton Bluffs wind project (40 MW in Nebraska). Edison Mission Wind sold the Crofton Bluffs wind project for $58 million and the Broken Bow I wind project for $112 million in December 2012 and January 2013, respectively, to Capistrano Wind Partners. Outside investors provided $46 million and $94 million of the funding for the Crofton Bluffs and the Broken Bow I wind projects, respectively.

Through their ownership of Capistrano Wind Holdings, an indirect subsidiary of EME, Edison Mission Wind, and EME's parent company, Mission Energy Holding Company (MEHC), own 100% of the Class A equity interests in Capistrano Wind Partners, and the Class B preferred equity interests are held by outside investors. Under the terms of the formation documents, preferred equity interests receive 100% of the cash available for distribution, up to a scheduled amount to target a certain return and thereafter cash distributions are shared. Cash available for distribution includes 90% of the tax benefits realized by MEHC and contributed to Capistrano Wind Partners.

Edison Mission Wind retains indirect beneficial ownership of the common equity in the projects, net of a $4 million preferred investment made by MEHC, and retains responsibilities for managing the operations of Capistrano Wind Holdings and its projects, and accordingly, EME will continue to consolidate these projects. The $284 million contributed by the third-party interests and the $4 million preferred investment made by MEHC are reflected in noncontrolling interests on EME's consolidated balance sheet at December 31, 2012. This transaction was accounted for as a transfer among entities under common control and, therefore, resulted in no change in the book basis of the transferred assets. However, the transaction did trigger a taxable gain and new tax basis in the assets with a corresponding adjustment to deferred taxes and a reduction to equity of $21 million.

Projects that are not Consolidated

EME accounts for the majority of its investments in domestic gas and wind energy projects in which it has less than a 100% ownership interest, and does not have both the right to direct the commercial and operating activities and the obligation to absorb losses or receive benefits from the VIEs, under the equity method. As of December 31, 2012 and 2011, EME had significant variable interests in 5 natural gas projects that are not consolidated, consisting of the Big 4 Projects (Kern River, Midway-Sunset, Sycamore and Watson) and Sunrise. A subsidiary of EME operates 3 of the Big 4 Projects and Sunrise and EME's partner provides the fuel management services for the Big 4 Projects. In addition, the executive director of these gas projects is provided by EME's partner. Commercial and operating activities of these gas projects are jointly controlled by a management committee of each VIE. Accordingly, EME accounts for its variable interests in these projects under

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 3. Variable Interest Entities (EME only) (Continued)

the equity method. In December 2012, EME's partner in Kern River and Sycamore filed a complaint alleging the filing of the Chapter 11 Cases was an event of default under the partnership agreements. For additional information see Note 9—Commitments and Contingencies-Chevron Adversary Proceedings.

The following table presents the carrying amount of EME's investments in unconsolidated VIEs and the maximum exposure to loss for each investment:

	December 31, 2012	
(in millions)	Investment	Maximum Exposure
Natural gas-fired projects	$ 331	$ 331
Wind projects	203	203

EME's exposure to loss in its VIEs accounted for under the equity method is generally limited to its investment in these entities. At December 31, 2012 and 2011, outstanding debt for projects that are not consolidated consisted of long-term debt that was secured by a pledge of project entity assets, but does not provide for recourse to EME. At December 31, 2012, such outstanding indebtedness was $32 million, of which $8 million was proportionate to EME's ownership in the project. At December 31, 2011, such outstanding indebtedness was $62 million, of which $16 million was proportionate to EME's ownership interest in the projects.

The following table presents summarized financial information of the investments in unconsolidated affiliates accounted for by the equity method:

	Years Ended December 31,		
(in millions)	2012	2011	2010
Revenues	$ 607	$ 769	$ 828
Expenses	519	601	653
Net income	$ 88	$ 168	$ 175

	December 31,	
(in millions)	2012	2011
Current assets	$ 337	$ 289
Noncurrent assets	711	758
Total assets	$ 1,048	$ 1,047
Current liabilities	$ 78	$ 103
Noncurrent liabilities	82	88
Equity	888	856
Total liabilities and equity	$ 1,048	$ 1,047

The difference between the carrying value of these equity investments and the underlying equity in the net assets was $10 million at December 31, 2012. The difference is being amortized over the life of

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 3. Variable Interest Entities (EME only) (Continued)

the projects. The majority of noncurrent liabilities are composed of project financing arrangements that are nonrecourse to EME. The undistributed earnings of equity method investments were $19 million at December 31, 2012 and 2011.

The following table presents, as of December 31, 2012, the investments in unconsolidated affiliates accounted for by the equity method that represent at least 5% of EME's loss before tax, excluding asset impairment charges, or in which EME has an investment balance greater than $40 million:

Unconsolidated Affiliates	Location	Investment at December 31, 2012 (in millions)	Ownership Interest at December 31, 2012	Operating Status
San Juan Mesa	Elida, NM	$ 80	75%	Operating wind-powered facility
Elkhorn Ridge	Bloomfield, NE	81	67%	Operating wind-powered facility
Sunrise	Fellows, CA	181	50%	Operating gas-fired facility
Sycamore	Bakersfield, CA	40	50%	Operating cogeneration facility
Watson	Carson, CA	40	49%	Operating cogeneration facility

The following table presents summarized financial information of EME's investments in unconsolidated affiliates:

(in millions)	December 31, 2012	December 31, 2011
Investments in Unconsolidated Affiliates		
Equity investments	$ 527	$ 515
Cost investments	7	8
Total	$ 534	$ 523

At December 31, 2012 and 2011, EME had a 38% ownership interest in Covanta Huntington L.P., a small biomass project, that it accounted for under the cost method of accounting as it does not have a significant influence over the project's operating and financial activities. In October 2012, a non-debtor subsidiary of EME exercised an option to sell all of its interest in the project. In January 2013, EME received $7.5 million in exchange for its indirect interest in the project.

At December 31, 2012 and 2011, EME accounted for its 80% interest in Doga Enerji (Doga) on the cost method as accumulated distributions exceeded accumulated earnings. EME has not estimated the fair value of cost method investments as quoted market prices are not available and the determination of fair value is highly subjective and cannot be readily ascertained.

Note 4. Fair Value Measurements (EME and Midwest Generation, except as noted)

Recurring Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (referred to as an "exit price"). Fair value of an asset or liability considers assumptions that market participants would

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MIDWEST GENERATION, LLC AND SUBSIDIARIES

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 4. Fair Value Measurements (EME and Midwest Generation, except as noted) (Continued)

use in pricing the asset or liability, including assumptions about nonperformance risk, which was not material as of December 31, 2012 and December 31, 2011 for both EME and MidwestGeneration.

Assets and liabilities are categorized into a three-level fair value hierarchy based on valuation inputs used to determine fair value. The hierarchy gives the highest priority to unadjusted quoted market prices in active markets for identical assets and liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

EME

The following table sets forth EME's consolidated assets and liabilities that were accounted for at fair value by level within the fair value hierarchy:

	December 31, 2012				
(in millions)	Level 1	Level 2	Level 3	Netting and Collateral(1)	Total
Assets at Fair Value					
Money market funds(2)	$ 615	$ —	$ —	$ —	$ 615
Derivative contracts					
Electricity	$ —	$ 41	$ 52	$ (3)	$ 90
Total assets	$ 615	$ 41	$ 52	$ (3)	$ 705
Liabilities at Fair Value					
Derivative contracts					
Electricity	$ —	$ 6	$ 1	$ (7)	$ —
Natural gas	3	—	—	(3)	—
Interest rate contracts	—	118	—	—	118
Total liabilities	$ 3	$ 124	$ 1	$ (10)	$ 118

EDISON MISSION ENERGY AND SUBSIDIARIES

MIDWEST GENERATION, LLC AND SUBSIDIARIES

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 4. Fair Value Measurements (EME and Midwest Generation, except as noted) (Continued)

	December 31, 2011				
(in millions)	Level 1	Level 2	Level 3	Netting and Collateral(1)	Total
Assets at Fair Value					
Money market funds(2)	$ 1,179	$ —	$ —	$ —	$ 1,179
Derivative contracts					
Electricity	$ —	$ 65	$ 95	$ (58)	$ 102
Natural gas	4	—	—	(4)	—
Fuel oil	4	—	—	(4)	—
Total assets	$ 1,187	$ 65	$ 95	$ (66)	$ 1,281
Liabilities at Fair Value					
Derivative contracts					
Electricity	$ —	$ 5	$ 12	$ (16)	$ 1
Interest rate contracts	—	90	—	—	90
Total liabilities	$ —	$ 95	$ 12	$ (16)	$ 91

(1) Represents cash collateral and the impact of netting across the levels of the fair value hierarchy. Netting among positions classified within the same level is included in that level.

(2) Money market funds are included in cash and cash equivalents and in restricted cash and cash equivalents on EME's consolidated balance sheets.

The following table sets forth a summary of changes in the fair value of EME's consolidated Level 3 net derivative assets and liabilities:

(in millions)	2012	2011
Fair value of net assets at beginning of period	$ 83	$ 91
Total realized/unrealized gains (losses)		
Included in earnings(1)	9	(17)
Included in accumulated other comprehensive loss(2)	1	1
Purchases	58	34
Settlements	(46)	(24)
Transfers out of Level 3	(54)	(2)
Fair value of net assets at end of period	$ 51	$ 83
Change during the period in unrealized gains (losses) related to assets and liabilities held at end of period(1)	$ 22	$ 17

(1) Reported in operating revenues on EME's consolidated statements of operations.

(2) Included in reclassification adjustments in EME's consolidated statement of other comprehensive loss.

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MIDWEST GENERATION, LLC AND SUBSIDIARIES

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 4. Fair Value Measurements (EME and Midwest Generation, except as noted) (Continued)

The fair value of transfers in and out of each level is determined at the end of each reporting period. In 2012, significant transfers out of Level 3 into Level 2 occurred due to significant observable inputs becoming available as the transactions neared maturity. There were no significant transfers between levels during 2011.

Midwest Generation

The following table sets forth Midwest Generation's assets and liabilities that were accounted for at fair value by level within the fair value hierarchy:

	December 31, 2012				
(in millions)	Level 1	Level 2	Level 3	Netting(1)	Total
Assets at Fair Value					
Money market funds(2)	$ 75	$ —	$ —	$ —	$ 75
Derivative contracts					
Electricity	$ —	$ 2	$ —	$ —	$ 2
Total assets	$ 75	$ 2	$ —	$ —	$ 77
Liabilities at Fair Value					
Derivative contracts					
Electricity	$ —	$ 3	$ —	$ —	$ 3
Total liabilities	$ —	$ 3	$ —	$ —	$ 3

	December 31, 2011				
(in millions)	Level 1	Level 2	Level 3	Netting(1)	Total
Assets at Fair Value					
Money market funds(2)	$ 195	$ —	$ —	$ —	$ 195
Derivative contracts					
Electricity	$ —	$ 40	$ —	$ 4	$ 44
Fuel oil	4	—	—	(4)	—
Total assets	$ 199	$ 40	$ —	$ —	$ 239
Liabilities at Fair Value					
Derivative contracts					
Electricity	$ —	$ 2	$ —	$ —	$ 2
Total liabilities	$ —	$ 2	$ —	$ —	$ 2

(1) Represents the impact of netting across the levels of the fair value hierarchy. Netting among positions classified within the same level is included in that level.

(2) Money market funds are included in cash and cash equivalents on Midwest Generation's consolidated balance sheets.

EDISON MISSION ENERGY AND SUBSIDIARIES

MIDWEST GENERATION, LLC AND SUBSIDIARIES

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 4. Fair Value Measurements (EME and Midwest Generation, except as noted) (Continued)

The fair value of transfers in and out of each level is determined at the end of each reporting period. There were no significant transfers between levels during 2012, 2011 and 2010.Midwest Generation does not have any Level 3 assets and liabilities.

Valuation Techniques Used to Determine Fair Value

Level 1

The fair value of Level 1 assets and liabilities is determined using unadjusted quoted prices in active markets that are available at the measurement date for identical assets and liabilities. This level includes exchange-traded derivatives and money market funds.

Level 2

The fair value of Level 2 assets and liabilities is determined using the income approach by obtaining quoted prices for similar assets and liabilities in active markets and inputs that are observable, either directly or indirectly, for substantially the full term of the instrument. This level includes over-the-counter derivatives and interest rate swaps.

Over-the-counter derivative contracts are valued using standard pricing models to determine the net present value of estimated future cash flows. Inputs to the pricing models include forward published or posted clearing prices from exchanges (New York Mercantile Exchange and Intercontinental Exchange) for similar instruments and discount rates. A primary price source that best represents trade activity for each market is used to develop observable forward market prices in determining the fair value of these positions. Broker quotes, prices from exchanges or comparison to executed trades are used to validate and corroborate the primary price source. These price quotations reflect mid-market prices (average of bid and ask) and are obtained from sources believed to provide the most liquid market for the commodity.

Level 3

The fair value of Level 3 assets and liabilities is determined using the income approach through various models and techniques that require significant unobservable inputs. This level includes over-the-counter options and derivative contracts that trade infrequently, such as congestion revenue rights and long-term power agreements.

Assumptions are made in order to value derivative contracts in which observable inputs are not available. Changes in fair value are based on changes to forward market prices, including extrapolation of short-term observable inputs into forecasted prices for illiquid forward periods. In circumstances where fair value cannot be verified with observable market transactions, it is possible that a different valuation model could produce a materially different estimate of fair value. Modeling methodologies, inputs and techniques are reviewed and assessed as markets continue to develop and more pricing information becomes available and the fair value is adjusted when it is concluded that a change in inputs or techniques would result in a new valuation that better reflects the fair value of those derivative contracts.

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 4. Fair Value Measurements (EME and Midwest Generation, except as noted) (Continued)

Level 3 Valuation Process

EME

The process of determining fair value is the responsibility of the risk department, which reports to the chief financial officer. This department obtains observable and unobservable inputs through broker quotes, exchanges and internal valuation techniques and uses both standard and proprietary models to determine fair value. Each reporting period, the risk and key finance departments collaborate to determine the appropriate fair value methodologies and classifications for each derivative. Inputs are validated for reasonableness by comparison against prior prices, other broker quotes and volatility fluctuation thresholds. Inputs used and valuations are reviewed period-over-period and compared with market conditions to determine reasonableness. The following table sets forth the valuation techniques and significant unobservable inputs used to determine fair value for EME's consolidated Level 3 assets and liabilities at December 31, 2012:

	Fair Value (in millions)					
	Assets	Liabilities	Valuation Techniques	Significant Unobservable Input	Range	Weighted Average
Electricity						
Congestion contracts	$ 71	$ 20	Latest auction pricing	Congestion prices	$(8.93) - $18.03	$ 0.19
Power contracts	2	2	Discounted cash flows	Power prices	$22.54 - $48.85	$ 39.62
Netting	(21)	(21)				
Total	$ 52	$ 1				

Level 3 Fair Value Sensitivity

For congestion contracts, generally, an increase (decrease) in congestion prices in the last auction relative to the contract price will increase (decrease) fair value. For power contracts, generally, an increase (decrease) in long-term forward power prices at illiquid locations relative to the contract price will increase (decrease) fair value.

Non-Recurring Fair Value Measurements

For a discussion of non-recurring fair value measurements, see Note 13—Asset Impairments and Other Charges.

EDISON MISSION ENERGY AND SUBSIDIARIES

MIDWEST GENERATION, LLC AND SUBSIDIARIES

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 4. Fair Value Measurements (EME and Midwest Generation, except as noted) (Continued)

Fair Value of Long-term Debt (EME only)

The carrying amounts and fair values of EME's long-term debt were as follows:

	December 31, 2012		December 31, 2011	
(in millions)	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Long-term debt, including current portion	$ 1,056	$ 1,057	$ 4,912	$ 3,716

In assessing the fair value of EME's long-term debt, EME primarily uses quoted market prices, except for floating-rate debt for which the carrying amounts were considered a reasonable estimate of fair value. The fair value of EME's long-term debt is classified as Level 2. The difference between the carrying amount at December 31, 2012 and December 31, 2011 wasprimarily attributable to the reclassification of EME's $3.7 billion of unsecured senior notes from long-term debt to LSTC. For additional information, see Note 16—Restructuring Activities.

The carrying amount of short-term debt approximates fair value.

Note 5. Debt and Credit Agreements (EME only)

Debt

Debt includes both corporate debt and nonrecourse project debt, whereby lenders rely on specific project assets to repay such obligations. At December 31, 2012, recourse debt to EME classified as part

EDISON MISSION ENERGY AND SUBSIDIARIES

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 5. Debt and Credit Agreements (EME only) (Continued)

of LSTC was $3.7 billion and nonrecourse project debt was $1.4 billion. The following table summarizes long-term debt (rates and terms as of December 31, 2012), excluding LSTC:

(in millions)	Current Rate(1)	Effective Interest Rate(2)	Maturity Date	December 31, 2012	December 31, 2011
Recourse					
EME (parent only)					
Senior Notes, net(3)					
Series A Notes	7.50% Fixed	7.50%	June 2013	$ —	$ 500
Series B Notes	7.75% Fixed	7.75%	June 2016	—	500
Tranche A Notes	7.00% Fixed	7.00%	May 2017	—	1,200
Tranche B Notes	7.20% Fixed	7.20%	May 2019	—	800
Tranche C Notes	7.63% Fixed	7.63%	May 2027	—	700
Nonrecourse(4)					
Walnut Creek Energy(5) Construction Loan	2.46% LIBOR+2.25%	2.79%	June 2013	330	138
WCEP Holdings, LLC(5) Construction Loan	4.21% LIBOR+4.0%	4.50%	June 2013	52	49
Big Sky Wind, LLC Vendor financing loan	4.14% LIBOR+3.5%	4.14%	October 2014	222	211
High Lonesome Mesa, LLC(6) Bonds	6.85% Fixed	6.85%	November 2017	69	72
American Bituminous Power Partners, L.P.(7) Bonds	0.14% Fixed	0.14%	October 2017	46	55
Viento Funding II, Inc.(6) Term Loan	3.27% LIBOR+2.75%	5.79%	December 2020	191	207
Tapestry Wind, LLC Term Loan	2.82% LIBOR+2.5%	4.52%	December 2021	210	214
Cedro Hill Wind, LLC Term Loan	3.32% LIBOR+3.0%	6.89%	December 2025	125	131
Laredo Ridge Term Loan	3.06% LIBOR+2.75%	5.90%	March 2026	71	74
Crofton Bluffs Wind, LLC Term Loan	3.19% LIBOR+2.88%	3.61%	December 2027	27	—
Broken Bow Wind, LLC Term Loan	3.19% LIBOR+2.88%	3.65%	December 2027	52	—
Others	Various	Various	Various	43	61
Total debt				$ 1,438	$ 4,912
Less: Short-term debt				382	—
Total long-term debt				1,056	4,912
Less: Current maturities of long-term debt				307	57
Long-term debt, net of current portion				$ 749	$ 4,855

(1) London Interbank Offered Rate (LIBOR)

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MIDWEST GENERATION, LLC AND SUBSIDIARIES

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 5. Debt and Credit Agreements (EME only) (Continued)

(2) The effective rate at which interest expense is reflected in the financial statements after the consideration of the current rate of debt and any amounts subject to interest rate swaps. For further discussion, see Note 6—Derivative Instruments and Hedging Activities—Interest Rate Risk Management.

(3) With the commencement of the Chapter 11 Cases, the senior notes were reclassified to LSTC. See Note 16—Restructuring Activities.

(4) Payment obligations are generally secured by pledges of the borrower's direct and indirect ownership interests in the projects, project agreements and reserve accounts, if applicable.

(5) Reclassified to short-term debt as the construction loans are expected to convert to 10-year amortizing term loans no later than 2013. For further discussion, see "Walnut Creek" below.

(6) Included as part of current maturities of long-term debt as of December 31, 2012 due to potential defaults arising from the Chapter 11 Cases and the associated execution of short-term forbearance agreement with the lenders. For further discussion, see below "Chapter 11 Cases—Viento II Financing" and'Chapter 11 Cases—High Lonesome."

(7) Principal payments are due annually through October 1, 2017. Interest rates are reset weekly based on current bond yields for similar securities. At December 31, 2012, the outstanding balance is supported by a letter of credit.

Long-term debt maturities at December 31, 2012, for the next five years are summarized as follows: $70 million in 2013, $297 million in 2014, $75 million in 2015, $69 million in 2016, and $112 million in 2017.

Chapter 11 Cases

The filing of the Chapter 11 Cases constitutes an event of default under various financing documents. In addition to the instruments discussed below, the Chapter 11 Cases could also potentially give rise to counterparty rights and remedies under other documents.

Senior Notes

The senior notes are EME's senior unsecured obligations, ranking equal in right of payment to all of EME's existing and future senior unsecured indebtedness, and will be senior to all of EME's future subordinated indebtedness. EME's nonrecourse secured project debt and its other secured obligations are effectively senior to the senior notes to the extent of the value of the assets securing such debt or other obligations. None of EME's subsidiaries have guaranteed the senior notes and, as a result, all the existing and future liabilities of EME's subsidiaries are effectively senior to the senior notes.

The filing of the Chapter 11 Cases may constitute an event of default under EME's senior notes and, as a result, the principal and interest due under these debt instruments are immediately due and payable. The creditors are stayed from taking any action as a result of the default under Section 362 of the Bankruptcy Code and the obligations related to the senior notes are recorded as part of LSTC. For additional information, see Note 16 —Restructuring Activities.

Viento II Financing

In February 2011, EME completed, through its subsidiary, Viento Funding II, Inc., an amendment of its Viento II Financing, a 2009 nonrecourse financing of its interests in the Wildorado, San Juan Mesa and Elkhorn Ridge wind projects. The amendment increased the financing amount to $255 million, which included a $227 million 10-year term loan, a $23 million 7-year letter of credit

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 5. Debt and Credit Agreements (EME only) (Continued)

facility and a $5 million 7-year working capital facility. Interest under the term loan accrues at LIBOR plus 2.75% initially with the rate increasing 0.25% on every fourth anniversary.

The filing of the Chapter 11 Cases may constitute an event of default under the Viento II Financing. A short-term forbearance agreement has been executed with the lenders and the EME subsidiary borrowers to these financing agreements and, as a result, the EME subsidiaries that have obligations pursuant to the Viento II Financing are currently not Debtor Entities in the Chapter 11 Cases. In March 2013, EME paid an approximately $1 million consent fee to extend the expiration date of the forbearance agreement to July 2013. Due to the short-term nature of the agreement, this financing has been classified as short-term at December 31, 2012. At December 31, 2012, there was $191 million outstanding under this loan and $23 million of outstanding letters of credit.

High Lonesome

In November 2010, EME completed through its subsidiary, High Lonesome Mesa, LLC, a nonrecourse financing of its interests in the High Lonesome wind project. The $81 million financing included: $50 million Series 2010A bonds issued by the New Mexico Renewable Energy Transmission Authority, as a conduit issuer for High Lonesome Mesa, LLC, with proceeds loaned to the High Lonesome wind project, $25 million Series 2010B bonds issued directly by the project, and a $6 million debt service reserve letter of credit facility. The Series 2010A bonds are scheduled to partially amortize over the term, while no principal payments of the Series 2010B bonds are due until maturity. In June 2011, High Lonesome Mesa, LLC entered into a $7 million letter of credit reimbursement agreement to provide credit support for a power purchase and sale agreement.

The filing of the Chapter 11 Cases may constitute an event of default under the documents governing the issuance of the Series 2010A and 2010B Bonds. A short-term forbearance agreement has been executed with the lenders and the EME subsidiary borrower to these financing agreements and, as a result, the EME subsidiaries that have obligations pursuant to the High Lonesome financing are currently not Debtor Entities in the Chapter 11 Cases. The forbearance agreement expires on July 31, 2013 and, due to the short-term nature of the agreement, these amounts have been classified as short-term at December 31, 2012. As of December 31, 2012, there were $44 million and $25 million outstanding under the Series 2010A bonds and Series 2010B bonds, respectively, and $11 million of outstanding letters of credit.

Credit Facilities and Letters of Credit

In February 2012, EME terminated its $564 million revolving credit facility. Midwest Generation's $500 million credit facility expired in June 2012 in accordance with its terms. In the first quarter of 2012, EME completed a $100 million letter of credit facility for EME's general corporate needs and for its projects, which expires on June 30, 2014. Letters of credit issued under this facility are secured by cash collateral at least equal to the issued amount.

At December 31, 2012, letters of credit under EME's and its subsidiaries' credit facilities aggregated $163 million and were scheduled to expire as follows: $91 million in 2013, $2 million in 2014, $21 million in 2017, $18 million in 2018, $18 million in 2021, and $13 million in 2022. Standby letters of credit include $30 million issued in connection with the power purchase agreement with SCE,

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MIDWEST GENERATION, LLC AND SUBSIDIARIES

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 5. Debt and Credit Agreements (EME only) (Continued)

an affiliate of EME, under the Walnut Creek credit facility. At December 31, 2012, EME had $49 million of cash collateral supporting its standby letters of credit. Certain letters of credit are subject to automatic annual renewal provisions. EME does not currently have the ability to replace the expiring standby letters of credit and will need to negotiate a letter of credit facility prior to the expiration of its existing standby letters of credit.

On February 20, 2013, the Bankruptcy Court approved an agreement between EME and DNB Bank, the lender pursuant to EME's secured letter of credit facility. Pursuant to this agreement, DNB Bank has agreed to forbear from sending notices of non-renewal to beneficiaries of outstanding letters of credit, and to allow existing letters of credit to renew automatically in accordance with their terms. In exchange, EME consented to lift the automatic stay to permit DNB Bank to setoff any obligations due and owing under the applicable documents against EME's cash collateral.

EME may seek a debtor-in-possession credit facility (DIP Financing) which would be used to enhance liquidity and working capital and/or provide for the issuance of letters of credit, and which would be subject to Bankruptcy Court approval and other conditions. The agreement with DNB Bank contemplates that EME will have sought court approval of a DIP Financing package that includes a letter of credit facility by March 31, 2013. Failure to replace the letters of credit by its their applicable maturity date dates could result in draws under the letters of credit that could cause defaults under project agreements unless the beneficiaries of the letter of credit agree to accept cash collateral in lieu of a letter of credit. There is no assurance that EME will complete a DIP Financing.

2012 Financings

Broken Bow I and Crofton Bluffs

Effective March 30, 2012, EME, through its subsidiaries, Broken Bow Wind, LLC (Broken Bow I) and Crofton Bluffs Wind, LLC (Crofton Bluffs), completed two nonrecourse financings of its interests in the Broken Bow I and Crofton Bluffs wind projects. The financings included construction loans totaling $79 million that were converted to 15-year amortizing term loans on December 21, 2012 and December 14, 2012 for Broken Bow I and Crofton Bluffs, respectively, $13 million of letter of credit facilities and $6 million of working capital facilities.

Interest under the term loans will accrue at LIBOR plus 2.88%, with the term loan rate increasing 0.13% after the third, sixth, ninth, and twelfth years. As of December 31, 2012, Broken Bow I and Crofton Bluffs have $52 million and $27 million outstanding under the term loans, respectively, and $10 million and $3 million of outstanding letters of credit, respectively.

2011 Financings

Tapestry Wind

In December 2011, EME, through its subsidiary, Tapestry Wind, LLC, completed a nonrecourse financing of its interests in the Taloga, Buffalo Bear and Pinnacle wind projects. The financing included a $214 million 10-year partially amortizing term loan, a $12 million 10-year debt service reserve letter of credit facility, an $8 million 10-year project letter of credit facility and an $8 million 10-year working

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MIDWEST GENERATION, LLC AND SUBSIDIARIES

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 5. Debt and Credit Agreements (EME only) (Continued)

capital facility. Interest under the term loans accrues at LIBOR plus 2.5% initially, with the rate increasing 0.13% on the fourth and eighth anniversary of the closing date.

A total of $97 million of cash proceeds received from the 10-year term loan was deposited into an escrow account as of December 31, 2011 pending completion of the Pinnacle wind project. During 2012, certain neighbors of the Pinnacle wind project filed civil complaints alleging, among other things, that the noise emissions and shadow flicker from the Pinnacle wind farm constituted a nuisance and seeking compensatory damages, punitive damages and other equitable relief. During the fourth quarter of 2012, all of the civil complaints were settled and the escrowed loan proceeds were released to Tapestry Wind, LLC. At December 31, 2012, there was $210 million outstanding under the loan and $20 million of outstanding letters of credit.

Walnut Creek

In July 2011, EME completed, through wholly owned subsidiaries, nonrecourse financings to fund construction of the Walnut Creek gas-fired project. The financings included floating rate construction loans totaling $495 million that will convert to 10-year amortizing term loans by June 30, 2013, subject to meeting specified conditions, and also included $122 million of letter of credit and working capital facilities.

There are two tranches of nonrecourse financing. The first was a construction plus term loan financing of $442 million that initially accrues interest at LIBOR plus 2.25% and increases by 0.25% after the third, sixth and ninth anniversaries of the term conversion date that was obtained by Walnut Creek Energy. A second construction plus term loan financing of $53 million was obtained by WCEP Holdings, LLC that accrues interest at LIBOR plus 4.00% over the term of the loan. At December 31, 2012, there were $330 million and $52 million outstanding under the first and second construction loans, respectively, and $30 million of outstanding letters of credit.

2010 Financings

Laredo Ridge

In July 2010, EME completed through its subsidiary, Laredo Ridge Wind, LLC (Laredo Ridge), a nonrecourse financing of its interests in the Laredo Ridge wind project. The financing included a $75 million construction loan that was converted to a 15-year amortizing term loan on March 18, 2011, a $9 million letter of credit facility and a $3 million working capital facility.

Interest under the term loan will accrue at LIBOR plus 2.75% initially, with the rate increasing 0.13% after the third, sixth, ninth and twelfth years. As of December 31, 2012, there was $71 million outstanding under the term loan and $9 million of outstanding letters of credit.

Cedro Hill

In March 2010, EME completed through its subsidiary, Cedro Hill Wind, LLC (Cedro Hill), a nonrecourse financing of its interests in the Cedro Hill wind project. The financing included a $135 million construction loan that was converted to a 15-year amortizing term loan on December 22, 2010, a $10 million letter of credit facility and a $4 million working capital facility.

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 5. Debt and Credit Agreements (EME only) (Continued)

Interest under the term loan will accrue at LIBOR plus 3% initially, with the rate increasing 0.13% after the third, sixth, ninth and eleventh years and 0.25% after the thirteenth year. As of December 31, 2012, there was $125 million outstanding under the term loan and $10 million of outstanding letters of credit.

Big Sky Turbine Financing

In October 2009, EME, through its subsidiary, Big Sky Wind, LLC (Big Sky), entered into turbine financing arrangements with the turbine manufacturer Suzlon Wind Energy Corporation (Suzlon) for wind turbine purchase obligations related to the 240 MW Big Sky wind project. The loan has a five-year final maturity, however, the satisfaction of certain criteria, including project performance, may trigger earlier repayment. In September 2012, Suzlon sued Big Sky in New York federal court seeking declaratory judgment that the early repayment triggers had been satisfied such that Big Sky would be obligated to make full repayment of its loan in February 2013. Big Sky answered Suzlon's complaint and denied the allegations, based upon Big Sky's belief and assertion that certain defects existing in the turbine equipment supplied by Suzlon as the turbine supplier would preclude the early repayment provisions. The litigation is still pending in New York federal court. The Big Sky loan is secured by a leasehold mortgage on the project's real property assets, a pledge of all other collateral of the Big Sky wind project, as well as a cash reserve account into which one-third of distributable cash flow, if any, of the Big Sky wind project is to be deposited on a monthly basis. The loan is also secured by pledges of Big Sky's direct and indirect ownership interests in the project, but is nonrecourse to EME. For further details regarding consolidated assets pledged as security for debt obligations, see Note 3—Variable Interest Entities.

As of December 31, 2012, there was $222 million outstanding under the vendor financing loan at an effective interest rate of 4.14%. Big Sky will need to arrange alternative financing, if available, to repay the loan at maturity or reach agreement with the lender to extend the maturity date of the loan as EME does not plan to make an investment in the project and is under no obligation to do so. If these efforts are unsuccessful, the lender may foreclose on the project resulting in a write off of the entire investment in the project. At December 31, 2012, EME's investment in the Big Sky wind project consisted of assets of $467 million and liabilities of $367 million.

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MIDWEST GENERATION, LLC AND SUBSIDIARIES

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 5. Debt and Credit Agreements (EME only) (Continued)

Debt Covenants

Certain project financings contain covenants and restriction requirements to meet certain financial ratios and reporting requirements. Distributions from projects are typically restricted if covenant requirements are not meet. Key existing covenants of EME's non-debtor subsidiaries include:

Debt Service Coverage Ratio(1)	Covenant Level	Actual Performance as of December 31, 2012
High Lonesome(2)	1.20 to 1.00	1.37(3)
Viento II(2)	1.20 to 1.00	2.49
Tapestry Wind	1.20 to 1.00	1.34
Laredo Ridge	1.20 to 1.00	1.73
Cedro Hill	1.20 to 1.00	1.53
Broken Bow(4)	1.20 to 1.00	N/A
Crofton Bluffs(4)	1.20 to 1.00	N/A
Required reserve account balance(5)		
Ambit	Twenty million	Four million

(1) The Debt Service Coverage Ratio is typically calculated over a 12-month historical period and is individually defined for each borrowing in the applicable financing agreement, credit agreement, trust indenture, or other document governing the financing requirements.

(2) Subject to forbearance agreement as discussed in Chapter 11 Cases above.

(3) Calculated at October 31, 2012, the last payment date.

(4) Commercial operations started in the fourth quarter of 2012.

(5) Ambit is required to maintain funded reserve accounts primarily for debt servicing and maintenance costs. The underfunded reserve does not create an event of default under the loan but does restrict distributions from Ambit.

EME's non-debtor subsidiaries were in compliance with all of their debt covenants at December 31, 2012 except for the required reserve amount at Ambit. Accordingly, the net assets of Ambit are considered restricted. Restricted net assets are those that cannot be transferred to EME in the form of loans, advances, or cash dividends without the consent of third parties, typically lenders or partners. In addition to Ambit, EME also has partnership agreements which require partners' approval for distributions and financing agreements which require the minimum reserve or operating account funding levels. Net assets are considered restricted if distributions are dependent upon approval by EME's unaffiliated partners. At December 31, 2012, restricted net assets of EME's subsidiaries was $1.8 billion.

EDISON MISSION ENERGY AND SUBSIDIARIES

MIDWEST GENERATION, LLC AND SUBSIDIARIES

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 6. Derivative Instruments and Hedging Activities (EME and Midwest Generation, except as noted)

Notional Volumes of Derivative Instruments

The following table summarizes EME's and Midwest Generation's consolidated notional volumes of derivatives used for hedging and trading activities:

December 31, 2012

				Cash Flow Hedges			Economic Hedges			Trading Activities
Commodity	Instrument	Classification	Unit of Measure	Midwest Generation	Other EME Subsidiaries	EME	Midwest Generation	Other EME Subsidiaries	EME	Other EME Subsidiaries
Electricity	Forwards/Futures	Sales, net	GWh(1)	3,615	—	3,615	1	47	48(2)	—
Electricity	Forwards/Futures	Purchases, net	GWh	—	—	—	—	—	—	492
Electricity	Capacity	Purchases, net	GW-Day(1)	—	—	—	—	—	—	60(3)
Electricity	Congestion	Purchases, net	GWh	—	—	—	—	263	263(4)	268,529(4)
Natural gas	Forwards/Futures	Purchases, net	bcf(1)	—	—	—	—	—	—	9.9

December 31, 2011

				Cash Flow Hedges			Economic Hedges			Trading Activities
Commodity	Instrument	Classification	Unit of Measure	Midwest Generation	Other EME Subsidiaries	EME	Midwest Generation	Other EME Subsidiaries	EME	Other EME Subsidiaries
Electricity	Forwards/Futures	Sales, net	GWh	7,978	342	8,320	227	108	335(2)	—
Electricity	Forwards/Futures	Purchases, net	GWh	—	—	—	—	—	—	2,926
Electricity	Capacity	Sales, net	GW-Day	61	—	61(3)	—	—	—	—
Electricity	Capacity	Purchases, net	GW-Day	—	—	—	—	—	—	184(3)
Electricity	Congestion	Purchases, net	GWh	—	—	—	608	653	1,261(4)	230,798(4)
Natural gas	Forwards/Futures	Sales, net	bcf	—	—	—	—	—	—	0.2
Fuel oil	Forwards/Futures	Purchases, net	barrels	—	—	—	240,000	240,000	—	—

(1) gigawatt-hours (GWh); gigawatts-day (GW-Day); billion cubic feet (bcf).

(2) These positions adjust financial and physical positions, or day-ahead and real-time positions, to reduce costs or increase gross margin. The net sales positions of these categories are primarily related to hedge transactions that are not designated as cash flow hedges.

(3) Hedge transactions for capacity result from bilateral trades. Capacity sold in the PJM Interconnection, LLC Reliability Pricing Model (PJM RPM) auction is not accounted for as a derivative.

(4) Congestion contracts include financial transmission rights, transmission congestion contracts or congestion revenue rights. These positions are similar to a swap, where the buyer is entitled to receive a stream of revenues (or charges) based on the hourly day-ahead price differences between two locations.

Interest Rate Risk Management (EME only)

Interest rate changes affect the cost of capital needed to operate EME's projects. EME mitigates the risk of interest rate fluctuations by arranging for fixed rate financing or variable rate financing with

EDISON MISSION ENERGY AND SUBSIDIARIES

MIDWEST GENERATION, LLC AND SUBSIDIARIES

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 6. Derivative Instruments and Hedging Activities (EME and Midwest Generation, except as noted) (Continued)

interest rate swaps, interest rate options or other hedging mechanisms for a number of EME's project financings. At December 31, 2012 and 2011, EME had the following interest rate swaps:

	December 31, 2012			
Project Financing	Effective Date	Expiration Date	Fixed Swap Rate Paid	Notional Value (in millions)
Viento Funding II	June 2009	June 2016	3.18%	$ 65
Viento Funding II	March 2011	December 2020	3.42%	108
Cedro Hill	December 2010	December 2025	4.29%	112
Laredo Ridge	March 2011	March 2026	3.46%	64
WCEP Holdings	July 2011	May 2013	0.79%	26
Walnut Creek Energy	November 2011	May 2013	0.81%	181
Tapestry	December 2011	December 2021	2.21%	189
Broken Bow(1)	December 2012	December 2013	0.83%	47
Crofton Bluffs(1)	December 2012	December 2013	0.78%	24
				$ 816
Forward Starting Swaps				
Walnut Creek Energy	June 2013	May 2023	3.54%	$ 398
WCEP Holdings	June 2013	May 2023	4.00%	48
Broken Bow	December 2013	December 2027	2.96%	45
Crofton Bluffs	December 2013	December 2027	2.75%	23
Tapestry	December 2021	December 2029	3.57%	60
				$ 574

(1) The construction loan converted to a term loan in December 2012 and the swap became effective on December 31, 2012. For additional information, see Note 5—Debt and Credit Agreements.

EDISON MISSION ENERGY AND SUBSIDIARIES

MIDWEST GENERATION, LLC AND SUBSIDIARIES

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 6. Derivative Instruments and Hedging Activities (EME and Midwest Generation, except as noted) (Continued)

	December 31, 2011			
Project Financing	Effective Date	Expiration Date	Fixed Swap Rate Paid	Notional Value (in millions)
Viento Funding II	June 2009	June 2016	3.18%	$ 79
Viento Funding II	March 2011	December 2020	3.42%	109
Cedro Hill	December 2010	December 2025	4.29%	118
Laredo Ridge	March 2011	March 2026	3.46%	67
WCEP Holdings	July 2011	May 2013	0.79%	25
Walnut Creek Energy	November 2011	May 2013	0.81%	53
Tapestry	December 2011	December 2021	2.21%	193
				$ 644
Forward Starting Swaps				
Walnut Creek Energy	June 2013	May 2023	3.54%	$ 398
WCEP Holdings	June 2013	May 2023	4.00%	48
Tapestry	December 2021	December 2029	3.57%	60
				$ 506

Fair Value of Derivative Instruments

EME

The following table summarizes the fair value of derivative instruments reflected on EME's consolidated balance sheets:

	December 31, 2012						
	Derivative Assets			Derivative Liabilities			
(in millions)	Short-term	Long-term	Subtotal	Short-term	Long-term	Subtotal	Net Assets (Liabilities)
Non-trading activities							
Cash flow hedges							
Commodity contracts	$ 3	$ —	$ 3	$ 5	$ —	$ 5	$ (2)
Interest rate contracts	—	—	—	—	118	118	(118)
Economic hedges	9	—	9	8	—	8	1
Trading activities	192	69	261	145	32	177	84
	204	69	273	158	150	308	(35)
Netting and collateral received(1)	(151)	(32)	(183)	(158)	(32)	(190)	7
Total	$ 53	$ 37	$ 90	$ —	$ 118	$ 118	$ (28)

EDISON MISSION ENERGY AND SUBSIDIARIES

MIDWEST GENERATION, LLC AND SUBSIDIARIES

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 6. Derivative Instruments and Hedging Activities (EME and Midwest Generation, except as noted) (Continued)

	December 31, 2011						
	Derivative Assets			Derivative Liabilities			
(in millions)	Short-term	Long-term	Subtotal	Short-term	Long-term	Subtotal	Net Assets (Liabilities)
Non-trading activities							
Cash flow hedges							
Commodity contracts	$ 40	$ 1	$ 41	$ 2	$ —	$ 2	$ 39
Interest rate contracts	—	—	—	—	90	90	(90)
Economic hedges	24	—	24	20	—	20	4
Trading activities	276	142	418	232	79	311	107
	340	143	483	254	169	423	60
Netting and collateral received(1)	(300)	(81)	(381)	(253)	(79)	(332)	(49)
Total	$ 40	$ 62	$ 102	$ 1	$ 90	$ 91	$ 11

(1) Netting of derivative receivables and derivative payables and the related cash collateral received and paid is permitted when a legally enforceable master netting agreement exists with a derivative counterparty.

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MIDWEST GENERATION, LLC AND SUBSIDIARIES

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 6. Derivative Instruments and Hedging Activities (EME and Midwest Generation, except as noted) (Continued)

Midwest Generation

The following table summarizes the fair value of commodity derivative instruments for non-trading purposes reflected on Midwest Generation's consolidated balance sheets:

	December 31, 2012						
	Derivative Assets			Derivative Liabilities			
(in millions)	Short-term	Long-term	Subtotal	Short-term	Long-term	Subtotal	Net Assets
Cash flow hedges	$ 3	$ —	$ 3	$ 5	$ —	$ 5	$ (2)
Economic hedges	9	—	9	8	—	8	1
	12	—	12	13	—	13	(1)
Netting(1)	(10)	—	(10)	(10)	—	(10)	—
Total	$ 2	$ —	$ 2	$ 3	$ —	$ 3	$ (1)
December 31, 2011							
Cash flow hedges	$ 39	$ 1	$ 40	$ 2	$ —	$ 2	$ 38
Economic hedges	24	—	24	20	—	20	4
	63	1	64	22	—	22	42
Netting(1)	(20)	—	(20)	(20)	—	(20)	—
Total	$ 43	$ 1	$ 44	$ 2	$ —	$ 2	$ 42

(1) Netting of derivative receivables and derivative payables is permitted when a legally enforceable master netting agreement exists with a derivative counterparty.

EDISON MISSION ENERGY AND SUBSIDIARIES

MIDWEST GENERATION, LLC AND SUBSIDIARIES

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 6. Derivative Instruments and Hedging Activities (EME and Midwest Generation, except as noted) (Continued)

Income Statement Impact of Derivative Instruments

EME

The following table provides the cash flow hedge activity as part of EME's consolidated accumulated other comprehensive loss:

	Cash Flow Hedge Activity(1) Years Ended December 31,				
	2012		2011		
(in millions)	Commodity Contracts	Interest Rate Contracts	Commodity Contracts	Interest Rate Contracts	Income Statement Location
Beginning of period derivative gains (losses)	$ 35	$ (90)	$ 43	$ (16)	
Effective portion of changes in fair value	5	(28)	55	(74)	
Reclassification to earnings	(41)	—	(63)	—	Operating revenues
End of period derivative gains (losses)	$ (1)	$ (118)	$ 35	$ (90)	

(1) Unrealized derivative gains (losses) are before income taxes. Amounts recorded in accumulated other comprehensive loss include commodity and interest rate contracts. For additional information, see Note 11—Accumulated Other Comprehensive Loss.

EME recorded losses of none, $4 million and $6 million in 2012, 2011 and 2010, respectively, in operating revenues on the consolidated statements of operations representing the amount of cash flow hedge ineffectiveness.

The effect of realized and unrealized gains from derivative instruments used for economic hedging and trading purposes on the consolidated statements of operations is presented below:

		Years Ended December 31,	
(in millions)	Income Statement Location	2012	2011
Economic hedges	Operating revenues	$ 31	$ 5
	Fuel	2	3
Trading activities	Operating revenues	68	76

EDISON MISSION ENERGY AND SUBSIDIARIES

MIDWEST GENERATION, LLC AND SUBSIDIARIES

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 6. Derivative Instruments and Hedging Activities (EME and Midwest Generation, except as noted) (Continued)

Midwest Generation

The following table provides the cash flow hedge activity as part of Midwest Generation's accumulated other comprehensive loss:

	Cash Flow Hedge Activity(1)		
(in millions)	2012	2011	Income Statement Location
Beginning of period derivative gains	$ 34	$ 37	
Effective portion of changes in fair value	7	38	
Reclassification to earnings	(43)	(41)	Operating revenues
End of period derivative gains (losses)	$ (2)	$ 34	

(1) Unrealized derivative gains (losses) are before income taxes. Amounts recorded in accumulated other comprehensive loss include commodity contracts. For additional information, see Note 11—Accumulated Other Comprehensive Loss.

Midwest Generation recorded net gains of none, $4 million and $7 million in 2012, 2011 and 2010, respectively, in operating revenues on the consolidated statements of operations representing the amount of cash flow hedge ineffectiveness.

The effect of realized and unrealized gains from derivative instruments used for non-trading purposes on the consolidated statements of operations is presented below:

		Years Ended December 31,	
(in millions)	Income Statement Location	2012	2011
Economic hedges	Operating revenues	$ 31	$ 2
	Fuel	2	3

Energy Trading Derivative Instruments (EME only)

The change in the fair value of energy trading derivative instruments was as follows:

(in millions)	2012	2011
Fair value of trading contracts at beginning of period	$ 107	$ 110
Net gains from energy trading activities	68	76
Amount realized from energy trading activities	(93)	(84)
Other changes in fair value	2	5
Fair value of trading contracts at end of period	$ 84	$ 107

EDISON MISSION ENERGY AND SUBSIDIARIES

MIDWEST GENERATION, LLC AND SUBSIDIARIES

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 6. Derivative Instruments and Hedging Activities (EME and Midwest Generation, except as noted) (Continued)

Margin and Collateral Deposits

Certain derivative instruments contain margin and collateral deposit requirements. Since EME's and Midwest Generation's credit ratings are below investment grade, EME and its subsidiaries have provided collateral in the form of cash and letters of credit for the benefit of derivative counterparties and brokers. The amount of margin and collateral deposits generally varies based on changes in fair value of the related positions.

EME's approach to trading and risk management depends, in part, on the ability to use clearing brokers to enter into market transactions. As a result of its financial position, EME has limited access to enter into such transactions and has been subject to increased initial collateral and margin requirements. There is no assurance that EME will continue to be able to utilize clearing brokers. If EME becomes unable to utilize clearing brokers, it may seek to execute bilateral transactions with third parties which could be unavailable on commercially reasonable terms or at all.

EME nets counterparty receivables and payables where balances exist under master netting arrangements. EME presents the portion of its margin and collateral deposits netted with its derivative positions on its consolidated balance sheets. Future increases in power prices could expose EME to additional collateral postings. The following table summarizes EME's margin and collateral deposits provided to and received from counterparties:

	December 31,	
(in millions)	2012	2011
Collateral provided to counterparties		
Offset against derivative liabilities	$ 9	$ 2
Reflected in margin and collateral deposits	61	41
Collateral received from counterparties		
Offset against derivative assets	—	53

Commodity Price Risk Management

EME's and Midwest Generation's merchant operations are exposed to commodity price risk, which reflects the potential impact of a change in the market value of a particular commodity. Commodity price risks are actively monitored, with oversight provided by a risk management committee, to ensure compliance with EME's risk management policies. EME uses estimates of the variability in gross margin to help identify, measure, monitor and control its overall market risk exposure and earnings volatility with respect to hedge positions at the coal plants and the merchant wind projects, and uses "value at risk" metrics to help identify, measure, monitor and control its overall risk exposure in respect to its trading positions. These measures allow management to aggregate overall commodity risk, compare risk on a consistent basis and identify changes in risk factors. Value at risk measures the possible loss, and variability in gross margin measures the potential change in value, of an asset or position, in each case over a given time interval, under normal market conditions, at a given confidence level. Given the inherent limitations of these measures and reliance on a single type of risk measurement tool, EME supplements these approaches with the use of stress testing and worst-case scenario analysis for key risk factors, as well as stop-loss triggers and volumetric exposure limits. When

EDISON MISSION ENERGY AND SUBSIDIARIES

MIDWEST GENERATION, LLC AND SUBSIDIARIES

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 6. Derivative Instruments and Hedging Activities (EME and Midwest Generation, except as noted) (Continued)

appropriate, EME manages the spread between the electric prices and fuel prices, and uses forward contracts, swaps, futures, or options contracts to achieve those objectives.

Credit Risk

In conducting EME's hedging and trading activities and Midwest Generation's marketing activities, EMMT enters into transactions with utilities, energy companies, financial institutions, and other companies, collectively referred to as counterparties. In the event a counterparty were to default on its trade obligation, EME and Midwest Generation would be exposed to the risk of possible loss associated with market price changes occurring since the original contract was executed if the nonperforming counterparty were unable to pay the resulting damages owed to EME or Midwest Generation. Midwest Generation's agreement with EMMT transfers the risk of non-payment of accounts receivable from counterparties to EMMT; therefore, EMMT would be exposed to the risk of non-payment of accounts receivable accrued for products delivered prior to the time a counterparty defaulted.

Credit risk is measured as the loss that EME would expect to incur if a counterparty failed to perform pursuant to the terms of its contractual obligations. To manage credit risk, EME evaluates the risk of potential defaults by counterparties. To mitigate credit risk from counterparties, master netting agreements are used whenever possible and counterparties may be required to pledge collateral when deemed necessary.

The majority of EME's consolidated wind projects and unconsolidated affiliates that own power plants sell power under power purchase agreements. Generally, each project or plant sells its output to one counterparty. A default by the counterparty, including a default as a result of a bankruptcy, would likely have a material adverse effect on the operations of the project or plant.

The majority of the coal for the Midwest Generation plants is purchased from suppliers under contracts which may be for multiple years. None of the coal suppliers to the coal plants have investment grade credit ratings and, accordingly, Midwest Generation may have limited recourse to collect damages in the event of default by a supplier.

The Midwest Generation plants sell electric power generally into the PJM market by participating in PJM's capacity and energy markets or transacting in capacity and energy on a bilateral basis. Sales into PJM accounted for 92%, 81% and 79% of Midwest Generation's consolidated operating revenues for the years ended December 31, 2012, 2011 and 2010, respectively. Sales into PJM accounted for approximately 64%, 63% and 65% of EME's consolidated operating revenues for the years ended December 31, 2012, 2011 and 2010, respectively. Moody's Investors Service, Inc. (Moody's) rates PJM's debt Aa3. PJM, a regional transmission organization (RTO) with over 300 member companies, maintains its own credit risk policies and does not extend unsecured credit to non-investment grade companies. Losses resulting from a PJM member default are shared by all other members using a predetermined formula. At December 31, 2012 and 2011, EME's account receivable due from PJM was $40 million and $62 million, respectively.

EDISON MISSION ENERGY AND SUBSIDIARIES

MIDWEST GENERATION, LLC AND SUBSIDIARIES

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 7. Income Taxes (EME, Midwest Generation)

EME

Current and Deferred Taxes

The provision (benefit) for income taxes is composed of the following:

	Years Ended December 31,		
(in millions)	2012	2011	2010
Continuing Operations			
Current			
Federal	$ —	$ 48	$ (321)
State	—	(44)	9
Total current	—	4	(312)
Deferred			
Federal	$ 26	$ (389)	$ 281
State	134	(56)	15
Total deferred	160	(445)	296
Provision (benefit) for income taxes from continuing operations	160	(441)	(16)
Discontinued operations	(73)	(411)	44
Total	$ 87	$ (852)	$ 28

EME recorded a tax benefit of $16 million in 2010 resulting from acceptance by the California Franchise Tax Board of the tax positions finalized with the Internal Revenue Service in 2009 for the tax years 1986 through 2002.

The components of income (loss) before income taxes applicable to continuing operations and discontinued operations are as follows:

	Years Ended December 31,		
(in millions)	2012	2011	2010
Continuing operations	$ (637)	$ (888)	$ 65
Discontinued operations	(185)	(1,043)	126
Total	$ (822)	$ (1,931)	$ 191

EDISON MISSION ENERGY AND SUBSIDIARIES

MIDWEST GENERATION, LLC AND SUBSIDIARIES

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 7. Income Taxes (EME, Midwest Generation) (Continued)

The components of net accumulated deferred income tax asset (liability) were:

	December 31,	
(in millions)	2012	2011
Deferred tax assets		
Accrued charges and liabilities	$ 234	$ 303
Net operating loss carryforwards	841	326
Production tax and other credit carryforwards	254	194
Derivative instruments	49	49
Other	6	—
Total	1,384	872
Valuation allowance	(444)	—
Net deferred tax assets	940	872
Deferred tax liabilities		
Property, plant and equipment—basis differences	$ 989	$ 638
Deferred investment tax credit	4	5
State taxes	28	20
Other	—	6
Total	1,021	669
Deferred tax assets (liabilities), net	$ (81)	$ 203
Classification of net accumulated deferred income taxes		
Included in other assets	$ —	$ 205
Included in current liabilities	$ —	$ 2
Included in deferred taxes and tax credits	$ 81	$ —

EME's right to receive payments under the tax-allocation agreements and the timing and amount of those payments are dependent on the inclusion of EME in the consolidated income tax returns of EIX and other factors, including the amount of consolidated taxable income and net operating loss carryforwards of EIX, and other tax items of EME and other subsidiaries of EIX. Without objectively verifiable evidence supporting the taxable income forecast of the EIX consolidated tax group during 2013 and 2014, EME is not currently able to determine whether it is more likely than not that future tax-sharing payments will occur. As a result, as of December 31, 2012, EME recorded a valuation allowance against its net deferred tax assets of $444 million, of which $6 million was reflected in accumulated other comprehensive loss and $438 million in net loss for the year ended December 31, 2012. In addition, EME recorded a non-cash distribution to its parent of $222 million related to tax benefits generated by EME which have been utilized in the EIX consolidated tax return on a statutory basis for which, under the tax-allocation agreements as applied, EME is not yet, and may never be, entitled to be paid.

At December 31, 2012 amounts included in other long-term assets, payables to affiliates and other long-term liabilities associated with the tax-allocation agreements were $18 million, $33 million and $21 million, respectively. At December 31, 2011, amounts included in other long-term assets and

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MIDWEST GENERATION, LLC AND SUBSIDIARIES

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 7. Income Taxes (EME, Midwest Generation) (Continued)

payables to affiliates associated with the tax-allocation agreements were $86 million and $174 million, respectively.

At December 31, 2012, EME had $2,334 million of federal net operating loss carryforwards which expire in 2031 and 2032, $2,158 million of state net operating loss carryforwards which expire between 2022 and 2032, if unused. Additionally, there were $254 million of federal tax credit carryforwards of which $239 million expire between 2029 and 2032, if unused, and the remainder have no expiration date. Upon EME's exit from the EIX consolidated tax group, or if the tax-allocation agreements terminate or expire, tax benefits that had previously been generated by EME and not utilized in the EIX consolidated tax return on a statutory basis will generally be available for use by EME in its own consolidated tax return, but may be reduced as a result of cancellation of indebtedness income (COD income) or as a result of the application of the consolidated return rules. Use of such tax benefits may also further be limited upon emergence from bankruptcy as a result of the application of limitations in sections 382 or 383 of the Internal Revenue Code if there is a change of ownership of EME.

At December 31, 2012, under the tax-allocation agreements as applied, EME is not yet, and may never be, entitled to be paid for either the approximately $102 million of tax benefits generated by EME which have been utilized in the EIX consolidated tax return on a statutory basis or the $120 million of payments EME has made without a corresponding statutory tax requirement. In addition, EME is not yet, and may never be, entitled to be paid for the approximately $1,071 million of tax benefits generated by EME which have not yet been utilized in the EIX consolidated tax return. Capistrano Wind Holdings and Capistrano Wind, LLC have generated $40 million of tax benefits, $16 million of which has been used by the EIX consolidated tax group, and all of which either payment has been received or payment is expected to be received under the tax-allocation agreements. Further, upon EME's exit from the EIX consolidated tax group or if the tax-allocation agreements terminate or expire, tax benefits that had been previously generated by EME and utilized in the EIX consolidated tax return on a statutory basis but are unpaid under the application of the tax-allocation agreements will not be available for use by EME in its own consolidated tax return and will not be payable under the tax-allocation agreements.

EDISON MISSION ENERGY AND SUBSIDIARIES

MIDWEST GENERATION, LLC AND SUBSIDIARIES

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 7. Income Taxes (EME, Midwest Generation) (Continued)

Effective Tax Rate

The table below provides a reconciliation of income tax expense (benefit) computed at the federal statutory income tax rate to the income tax provision (benefit):

	Years Ended December 31,		
(in millions)	2012	2011	2010
Income (loss) from continuing operations before income taxes	$ (637)	$ (888)	$ 65
Expense (benefit) for income taxes at federal statutory rate of 35%	$ (223)	$ (311)	$ 23
Increase (decrease) in income tax from			
State tax—net of federal benefit(1)	11	(56)	16
Change in valuation allowance	438	—	—
Production tax credits, net	(68)	(66)	(61)
Qualified production deduction	—	(6)	15
Deferred tax adjustments	—	(8)	10
Resolution of 1986-2002 state tax issues	—	—	(16)
Taxes on income allocated to noncontrolling interests	(4)	—	1
Other	6	6	(4)
Total provision (benefit) for income taxes from continuing operations	$ 160	$ (441)	$ (16)
Effective tax rate	*	50%	*

* Not meaningful.

(1) Excludes state tax settlement in 2010.

Estimated state income tax benefits allocated from EIX of $3 million, $6 million and $7 million were recognized for the years ended December 31, 2012, 2011 and 2010, respectively. In the fourth quarter of 2012, EME's state tax benefit was reduced by a change in future state apportionment factors resulting from EME's exit from the EIX consolidated tax group.

EDISON MISSION ENERGY AND SUBSIDIARIES

MIDWEST GENERATION, LLC AND SUBSIDIARIES

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 7. Income Taxes (EME, Midwest Generation) (Continued)

Accounting for Uncertainty in Income Taxes

Unrecognized Tax Benefits

The following table provides a reconciliation of unrecognized tax benefits:

(in millions)	2012	2011	2010
Balance at January 1	$ 171	$ 153	$ 115
Tax positions taken during the current year			
Increases	—	9	—
Decreases	—	—	—
Tax positions taken during a prior year			
Increases	—	9	126
Decreases	(12)	—	(80)
Decreases for settlements during the period	—	—	(8)
Decreases resulting from a lapse in statute of limitations	—	—	—
Balance at December 31	$ 159	$ 171	$ 153

As of December 31, 2012 and 2011, $154 million and $166 million, respectively, of the unrecognized tax benefits, if recognized, would impact the effective tax rate. EME believes that it is reasonably possible that unrecognized tax benefits could be reduced by an amount up to $1 million within the next 12 months.

EIX's federal income tax returns and California combined franchise tax returns are currently open for years subsequent to 2002. In addition, specific California refund claims made by EIX for years 1991 through 2002 remain subject to audit.

Accrued Interest and Penalties

The total amount of accrued interest and penalties related to EME's income tax liabilities was $65 million and $51 million as of December 31, 2012 and 2011, respectively.

The net after-tax interest and penalties recognized in income tax expense was $8 million, $10 million and $19 million for 2012, 2011 and 2010, respectively.

Tax Dispute

The Internal Revenue Service examination phase of tax years 2003 through 2006 was completed in the fourth quarter of 2010, which included a proposed adjustment related to EME. The proposed adjustment increases the taxable gain on the 2004 sale of EME's international assets, which if sustained, would result in a federal tax payment of approximately $200 million, including interest and penalties through December 31, 2012 (the Internal Revenue Service has asserted a 40% penalty for understatement of tax liability related to this matter). EME disagrees with the proposed adjustment and filed a protest with the Internal Revenue Service in the first quarter of 2011. The appeals process to date has not resulted in a change in the proposed adjustment by the Internal Revenue Service. EME continues to seek resolution through the appeals process, and has requested technical advice from the

EDISON MISSION ENERGY AND SUBSIDIARIES

MIDWEST GENERATION, LLC AND SUBSIDIARIES

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 7. Income Taxes (EME, Midwest Generation) (Continued)

Internal Revenue Service National Office. If a deficiency notice is issued on this item, EME has 90 days to pay the tax, interest and any penalties or file a petition in United States Tax Court.

Tax Election at Homer City

On March 15, 2012, Homer City made an election to be treated as a partnership for federal and state income tax purposes. As a result of this election, Homer City is treated for tax purposes as distributing its assets and liabilities to its partners, both of which are wholly owned subsidiaries of EME, and triggering tax deductions of approximately $1 billion. Such tax deductions were included in EIX's 2011 consolidated tax returns.

Intercompany Tax-Allocation Agreement

In 2012, EME made tax-allocation payments to EIX of approximately $185 million related to the displacement, under the tax-allocation agreements, of tax benefits previously received for 2009 federal income taxes.

Midwest Generation

Current and Deferred Taxes

The provision (benefit) for income taxes is composed of the following:

	Years Ended December 31,		
(in millions)	2012	2011	2010
Current			
Federal	$ —	$ 2	$ 112
State	—	12	24
Total current	—	14	136
Deferred			
Federal	$ (76)	$ (145)	$ 7
State	14	(41)	(1)
Total deferred	(62)	(186)	6
Provision (benefit) for income taxes	$ (62)	$ (172)	$ 142

EDISON MISSION ENERGY AND SUBSIDIARIES

MIDWEST GENERATION, LLC AND SUBSIDIARIES

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 7. Income Taxes (EME, Midwest Generation) (Continued)

The components of net accumulated deferred income tax asset (liability) were:

	December 31,	
(in millions)	2012	2011
Deferred tax assets		
State taxes	$ —	$ 3
Deferred income	2	1
Derivative instruments	24	9
Impairment of loan to affiliate—tax	539	—
Property, plant and equipment—basis differences	—	15
Net operating loss carryforwards	—	19
Accrued charges and liabilities	16	9
Total	581	56
Valuation allowance	(533)	—
Net deferred tax assets	48	56
Deferred tax liabilities		
State taxes	3	—
Property, plant and equipment—basis differences	45	—
Total	48	—
Deferred tax assets, net	$ —	$ 56
Classification of net accumulated deferred income taxes		
Included in current assets	$ —	$ 14
Included in deferred taxes	$ —	$ 42

As a result of the recently recognized losses and the indications of expected future losses, Midwest Generation recorded a valuation allowance of $533 million, of which $12 million was reflected in accumulated other comprehensive loss and $521 million in net loss for the year ended December 31, 2012. In addition, Midwest Generation recognized a non-cash distribution of $106 million to reflect tax benefits that would have been collected by Midwest Generation in a hypothetical tax return prepared on a separate return basis but is not collectible under Midwest Generation's Tax Allocation Agreement. For further discussion related to non-cash distribution, see "—Intercompany Tax-Allocation Agreement."

As of December 31, 2012, on a separate return basis, Midwest Generation had $291 million of federal net operating loss carryforwards which expire in 2031 and 2032, $199 million of state net operating loss carryforwards which expire between 2025 and 2032, if unused.

EDISON MISSION ENERGY AND SUBSIDIARIES

MIDWEST GENERATION, LLC AND SUBSIDIARIES

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 7. Income Taxes (EME, Midwest Generation) (Continued)

Effective Tax Rate

The table below provides a reconciliation of income tax expense (benefit) computed at the federal statutory income tax rate to the income tax provision (benefit):

	Years Ended December 31,		
(in millions)	2012	2011	2010
Income (loss) before income taxes	$ (1,526)	$ (442)	$ 357
Provision (benefit) for income taxes at federal statutory rate of 35%	$ (534)	$ (155)	$ 125
State tax, net of federal benefit	(52)	(19)	14
Change in valuation allowance	521	—	—
Qualified production deduction	—	—	(7)
Deferred tax adjustments	—	—	9
Other	3	2	1
Total provision (benefit) for income taxes	$ (62)	$ (172)	$ 142
Effective tax rate	4%	39%	40%

Accounting for Uncertainty in Income Taxes

Unrecognized Tax Benefits

The following table provides a reconciliation of unrecognized tax benefits:

(in millions)	2012	2011	2010
Balance at January 1	$ 44	$ 44	$ —
Tax positions taken during the current year			
Increases	—	—	—
Decreases	—	—	—
Tax positions taken during a prior year			
Increases(1)	—	—	44
Decreases	—	—	—
Decreases for settlements during the period	—	—	—
Decreases resulting from a lapse in statute of limitations	—	—	—
Balance at December 31	$ 44	$ 44	$ 44

(1) Unrecognized tax benefits relate to tax positions taken in prior years and result from a review of Midwest Generation's deferred tax assets and liabilities.

As of December 31, 2012 and 2011, $41 million of the unrecognized tax benefits, if recognized, would impact the effective tax rate.

EDISON MISSION ENERGY AND SUBSIDIARIES

MIDWEST GENERATION, LLC AND SUBSIDIARIES

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 7. Income Taxes (EME, Midwest Generation) (Continued)

EIX's federal income tax returns and California combined franchise tax returns are currently open for years subsequent to 2002. In addition, specific California refund claims made by EIX for years 1991 through 2002 remain subject to audit.

Accrued Interest and Penalties

The total amount of accrued interest expense and penalties was $23 million and $20 million as of December 31, 2012 and 2011, respectively. The net after-tax interest expense and penalties recognized in income tax expense was $2 million, $3 million and $10 million for 2012, 2011 and 2010, respectively.

Intercompany Tax-Allocation Agreement

Midwest Generation generated taxable losses for the year ended December 31, 2012. In a hypothetical tax return prepared on a separate company basis, Midwest Generation would be able to carryback net operating losses to prior periods and receive tax benefits. During 2012, Midwest Generation recognized $106 million of tax benefits associated with net operating losses carrybacks calculated on a hypothetical tax return under the separate return method. However, the Midwest Generation Tax Allocation Agreement only permits the use of net operating losses to offset future taxable income. Under generally accepted accounting principles applicable to the separate return method, benefits recognized on a hypothetical separate company tax return that are not paid under an intercompany tax-allocation agreement are treated as a non-cash distribution to the parent company. If Midwest Generation offsets net operating loss carryforwards against taxable income in the future, such tax benefit will be accounted for as non-cash contributions at the time of use. The liability on Midwest Generation's consolidated balance sheet associated with this tax-allocation agreement totaled $13 million at December 31, 2011 and was included in due to affiliates.

Bonus Depreciation Impact (EME, Midwest Generation)

The Small Business Jobs Act of 2010 and the Tax Relief, Unemployment Insurance Reauthorization and Job Creation Act of 2010 (2010 Tax Relief Act) extended 50% bonus depreciation for qualifying property through 2012 and created a new 100% bonus depreciation for qualifying property placed in service between September 9, 2010 and December 31, 2011. Subject to updated Internal Revenue Service regulations clarifying the definitions of capital expenditures that qualify for 100% bonus depreciation, EME's and Midwest Generation's capital expenditures are expected to qualify, accelerating federal tax deductions in 2012 and 2013. The 50% bonus depreciation provisions continue for qualifying property placed in service through 2013 as a result of the American Taxpayer Relief Act signed into law on January 2, 2013.

Note 8. Compensation and Benefit Plans (EME and Midwest Generation, except as noted)

Employee Savings Plan

A 401(k) plan is maintained to supplement eligible employees' retirement income. The EME 401(k) plan received contributions from EME of $17 million, $15 million and $14 million in 2012, 2011 and 2010, respectively. The Midwest Generation 401(k) plan received contributions from Midwest Generation of $7 million, $6 million and $5 million in 2012, 2011 and 2010, respectively.

EDISON MISSION ENERGY AND SUBSIDIARIES

MIDWEST GENERATION, LLC AND SUBSIDIARIES

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 8. Compensation and Benefit Plans (EME and Midwest Generation, except as noted) (Continued)

Pension Plans and Postretirement Benefits Other than Pensions

EME and Midwest Generation employees are currently eligible for various EIX sponsored benefits plans. If the Support Agreement is consummated pursuant to a confirmed plan of reorganization, EIX will assume approximately $200 million of EME's employee retirement related liabilities and will cease to own EME when EME emerges from bankruptcy. If EIX ceases to own EME, EME and Midwest Generation employees will terminate in the EIX sponsored plans. However, GAAP requires that the change in ownership of EME must occur prior to changes in certain pension plan assumptions. For further discussion, see Note 16—Restructuring Activities.

Pension Plans

EME noncontributory defined benefit pension plans (the non-union plan has a cash balance feature) cover most employees meeting minimum service requirements. The expected contributions (all by the employer) are approximately $20 million, including Midwest Generation, for the year ended December 31, 2013.

Midwest Generation maintains a pension plan specifically for the benefit of its union employees. A portion of Midwest Generation's non-union employees participate in the EIX pension plan. Eligibility depends on a number of factors, including the employee's hire date. Both plans are noncontributory, defined benefit pension plans and cover employees who fulfill minimum service requirements. The EIX plan has a cash balance feature. The expected contributions (all by employer) for the plans are approximately $16.5 million for the year ended December 31, 2013.

The funded position of the company's pension is very sensitive to changes in market conditions. Changes in overall interest rate levels significantly affect the company's liabilities, while assets held in the various trusts established to fund the company's long-term pension are affected by movements in the equity and bond markets. The market value of the investments (reflecting investment returns, contributions and benefit payments) within the plan trusts declined 35% during 2008. This reduction in value of plan assets combined with increased liabilities has resulted in a change in the pension plan funding status from a surplus to a material deficit, which will result in increased future expense and cash contributions. The company pension remains underfunded as liabilities have increased significantly as a result of steady declines in interest rates.

EDISON MISSION ENERGY AND SUBSIDIARIES

MIDWEST GENERATION, LLC AND SUBSIDIARIES

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 8. Compensation and Benefit Plans (EME and Midwest Generation, except as noted) (Continued)

Information on plan assets and benefit obligations is shown below:

	Years Ended December 31,					
	2012			2011		
(in millions)	Midwest Generation	Other EME Subsidiaries(1)	EME	Midwest Generation	Other EME Subsidiaries(1)	EME
Change in projected benefit obligation						
Projected benefit obligation at beginning of year	$ 195	$ 121	$ 316	$ 164	$ 123	$ 287
Service cost	14	2	16	13	3	16
Interest cost	8	6	14	8	6	14
Actuarial (gain) loss	13	14	27	13	(1)	12
Curtailment gain	—	(9)	(9)	—	—	—
Transfers out(2)	—	(23)	(23)	—	—	—
Benefits paid	(5)	(6)	(11)	(3)	(10)	(13)
Projected benefit obligation at end of year	$ 225	$ 105	$ 330	$ 195	$ 121	$ 316
Change in plan assets						
Fair value of plan assets at beginning of year	$ 121	$ 56	$ 177	$ 109	$ 55	$ 164
Actual return on plan assets	19	7	26	2	—	2
Employer contributions	14	9	23	13	11	24
Benefits paid	(5)	(6)	(11)	(3)	(10)	(13)
Fair value of plan assets at end of year	$ 149	$ 66	$ 215	$ 121	$ 56	$ 177
Funded status at end of year	$ (76)	$ (39)	$ (115)	$ (74)	$ (65)	$ (139)
Amounts recognized on consolidated balance sheets:						
Long-term liabilities	$ (76)	$ (39)	$ (115)	$ (74)	$ (65)	$ (139)
Amounts recognized in accumulated other comprehensive income:						
Prior service cost	$ 1	$ —	$ 1	$ 1	$ —	$ 1
Net loss	40	27	67	38	31	69
Accumulated benefit obligation at end of year	$ 195	$ 105	$ 300	$ 168	$ 110	$ 278
Pension plans with an accumulated benefit obligation in excess of plan assets:						

Projected benefit obligation	$ 225	$ 105	$ 330	$ 195	$ 121	$ 316
Accumulated benefit obligation	195	105	300	168	110	278
Fair value of plan assets	148	68	216	121	56	177
Weighted-average assumptions used to determine obligations at end of year:						
Discount rate	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%
Rate of compensation increase	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%

(1) Includes Homer City.

(2) Represents amount of EME's executive post retirement benefits liability assumed by EIX.

EDISON MISSION ENERGY AND SUBSIDIARIES

MIDWEST GENERATION, LLC AND SUBSIDIARIES

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 8. Compensation and Benefit Plans (EME and Midwest Generation, except as noted) (Continued)

Expense components and other amounts recognized in other comprehensive (income) loss

Expense components:

	Years Ended December 31,								
	2012			2011			2010		
(in millions)	Midwest Generation	Other EME Subsidiaries(1)	EME	Midwest Generation	Other EME Subsidiaries(1)	EME	Midwest Generation	Other EME Subsidiaries(1)	EME
Service cost	$ 14	$ —	$ 14	$ 13	$ 2	$ 15	$ 12	$ 3	$ 15
Interest cost	8	4	12	8	4	12	8	4	12
Expected return on plan assets	(9)	(3)	(12)	(9)	(1)	(10)	(7)	(1)	(8)
Net amortization	2	4	6	1	2	3	—	2	2
Special termination charges	—	2	2	—	—	—	—	—	—
Total expense	$ 15	$ 7	$ 22	$ 13	$ 7	$ 20	$ 13	$ 8	$ 21

(1) Excludes Homer City.

Other changes in plan assets and benefit obligations recognized in other comprehensive (income) loss:

	Years Ended December 31,								
	2012			2011			2010		
(in millions)	Midwest Generation	Other EME Subsidiaries(1)	EME	Midwest Generation	Other EME Subsidiaries(1)	EME	Midwest Generation	Other EME Subsidiaries(1)	EME
Net loss	$ 4	$ 2	$ 6	$ 20	$ 5	$ 25	$ 4	$ 8	$ 12
Amortization of net loss	(2)	(4)	(6)	(1)	(2)	(3)	—	(2)	(2)
Total in other comprehensive (income) loss	$ 2	$ (2)	$ —	$ 19	$ 3	$ 22	$ 4	$ 6	$ 10
Total in expense and other comprehensive (income) loss	$ 17	$ 5	$ 22	$ 32	$ 10	$ 42	$ 17	$ 14	$ 31

(1) Includes Homer City.

The estimated amortization amounts expected to be reclassified from other comprehensive (income) loss for 2013 are $0.4 million and $0.2 million for prior service costs and $5 million and $2 million for net loss for EME and Midwest Generation, respectively.

EDISON MISSION ENERGY AND SUBSIDIARIES

MIDWEST GENERATION, LLC AND SUBSIDIARIES

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 8. Compensation and Benefit Plans (EME and Midwest Generation, except as noted) (Continued)

The following are weighted-average assumptions used to determine expenses:

	Years Ended December 31,								
	2012			2011			2010		
	Midwest Generation	Other EME Subsidiaries(1)	EME	Midwest Generation	Other EME Subsidiaries(1)	EME	Midwest Generation	Other EME Subsidiaries(1)	EME
Discount rate	4.50%	4.50%	4.50%	5.25%	5.25%	5.25%	6.00%	6.00%	6.00%
Rate of compensation increase	4.50%	4.50%	4.50%	5.00%	4.5% - 6.0%	4.5% - 6.0%	5.00%	4.5% - 6.0%	4.5% - 6.0%
Expected long-term return on plan assets	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%

(1) Includes Homer City.

The following are benefit payments, which reflect expected future service, expected to be paid:

Years Ending December 31, (in millions)	Midwest Generation	Other EME Subsidiaries(1)	EME
2013	$ 8	$ 4	$ 12
2014	9	5	14
2015	10	5	15
2016	12	4	16
2017	13	4	17
2018-2022	68	21	89

(1) Excludes Homer City.

In connection with EME's transfer of substantially all the remaining assets and certain specified liabilities of Homer City to an affiliate of GECC, the employees of Homer City transferred with the plan and, a curtailment adjustment of $9 million was made to the projected pension benefit obligation to reflect the departure of the Homer City employees. For further discussion see Note 14—Discontinued Operations.

In March 2012, EIX agreed to assume the liabilities for active employees of EME and its subsidiaries under specified plans related to executive deferred compensation and executive post retirement benefits. In consideration for such assumption, EME and its subsidiaries paid EIX $25 million, the after-tax amount of such liabilities as of March 1, 2012.

Postretirement Benefits Other Than Pensions

EME and Midwest Generation non-union employees retiring at or after age 55 with at least 10 years of service may be eligible for postretirement medical, dental, vision, and life insurance coverage. Eligibility for a company contribution toward the cost of these benefits in retirement depends on a number of factors, including the employee's hire date. Midwest Generation union-represented employees who retire at age 55 with at least 10 years of service may be eligible for access to postretirement medical, dental, vision and hearing coverage by paying the full cost for these benefits.

EDISON MISSION ENERGY AND SUBSIDIARIES

MIDWEST GENERATION, LLC AND SUBSIDIARIES

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 8. Compensation and Benefit Plans (EME and Midwest Generation, except as noted) (Continued)

The expected contributions (all by the employer) for the postretirement benefits other than pensions are $2 million and $1 million for EME and Midwest Generation, respectively for the year ended December 31, 2013.

On December 14, 2012, the divestiture by Homer City of substantially all of its remaining assets and certain specified liabilities closed. An affiliate of General Electric Capital Corporation (GECC) assumed control of Homer City and as part of the closing, Homer City's obligation to establish and fund voluntary employee beneficiary association trusts was waived. As of December 31, 2012, EME had $31 million of postretirement benefits other than pensions (PBOP) related obligations on its consolidated balance sheet related to Homer City employees, of which $11 million was funded through an EIX sponsored retirement plan for non-bargaining unit employees, and $20 million was funded by Homer City through a separate retirement plan for bargaining unit employees.

EDISON MISSION ENERGY AND SUBSIDIARIES

MIDWEST GENERATION, LLC AND SUBSIDIARIES

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 8. Compensation and Benefit Plans (EME and Midwest Generation, except as noted) (Continued)

Information on plan assets and benefit obligations is shown below:

	Years Ended December 31,					
	2012			2011		
(in millions)	Midwest Generation	Other EME Subsidiaries(1)	EME	Midwest Generation	Other EME Subsidiaries(1)	EME
Change in benefit obligation						
Benefit obligation at beginning of year	$ 59	$ 71	$ 130	$ 54	$ 68	$ 122
Service cost	1	2	3	2	1	3
Interest cost	3	3	6	2	4	6
Actuarial (gain) loss	(3)	(5)	(8)	2	(1)	1
Benefits paid	(1)	(2)	(3)	(1)	(1)	(2)
Benefit obligation at end of year	$ 59	$ 69	$ 128	$ 59	$ 71	$ 130
Change in plan assets						
Fair value of plan assets at beginning of year	$ —	$ —	$ —	$ —	$ —	$ —
Employer contributions	1	2	3	1	1	2
Benefits paid	(1)	(2)	(3)	(1)	(1)	(2)
Fair value of plan assets at end of year	$ —	$ —	$ —	$ —	$ —	$ —
Funded status at end of year	$ (59)	$ (69)	$ (128)	$ (59)	$ (71)	$ (130)
Amounts recognized on consolidated balance sheets:						
Long-term liabilities	$ (59)	$ (69)	$ (128)	$ (59)	$ (71)	$ (130)
Amounts recognized in accumulated other comprehensive income:						
Prior service cost (credit)	$ 10	$ (2)	$ 8	$ 11	$ (3)	$ 8
Net loss	9	5	14	12	11	23

Weighted-average assumptions used to determine obligations at end of year:						
Discount rate	4.25%	4.25%	4.25%	4.75%	4.75%	4.75%
Assumed health care cost trend rates:						
Rate assumed for following year	8.50%	8.50%	8.50%	9.50%	9.50%	9.50%
Ultimate rate	5.00%	5.00%	5.00%	5.25%	5.25%	5.25%
Year ultimate rate reached	2020	2020	2020	2019	2019	2019

(1) Includes Homer City.

EDISON MISSION ENERGY AND SUBSIDIARIES

MIDWEST GENERATION, LLC AND SUBSIDIARIES

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 8. Compensation and Benefit Plans (EME and Midwest Generation, except as noted) (Continued)

Expense components and other amounts recognized in other comprehensive (income) loss

Expense components:

	Years Ended December 31,								
	2012			2011			2010		
(in millions)	Midwest Generation	Other EME Subsidiaries(1)	EME	Midwest Generation	Other EME Subsidiaries(1)	EME	Midwest Generation	Other EME Subsidiaries(1)	EME
Service cost	$ 1	$ 1	$ 2	$ 2	$ —	$ 2	$ 1	$ —	$ 1
Interest cost	3	1	4	2	2	4	2	3	5
Net amortization	1	—	1	1	(1)	—	—	(1)	(1)
Total expense	$ 5	$ 2	$ 7	$ 5	$ 1	$ 6	$ 3	$ 2	$ 5

(1) Excludes Homer City.

Other changes in plan assets and benefit obligations recognized in other comprehensive (income) loss:

	Years Ended December 31,								
	2012			2011			2010		
(in millions)	Midwest Generation	Other EME Subsidiaries(1)	EME	Midwest Generation	Other EME Subsidiaries(1)	EME	Midwest Generation	Other EME Subsidiaries(1)	EME
Net (gain) loss	$ (3)	$ (4)	$ (7)	$ 1	$ (1)	$ —	$ 5	$ 7	$ 12
Prior service cost	—	—	—	—	—	—	11	—	11
Net amortization	(1)	—	(1)	(1)	1	—	—	—	—
Total in other comprehensive (income) loss	$ (4)	$ (4)	$ (8)	$ —	$ —	$ —	$ 16	$ 7	$ 23
Total in expense and other comprehensive (income) loss	$ 1	$ (2)	$ (1)	$ 5	$ 1	$ 6	$ 19	$ 9	$ 28

(1) Includes Homer City.

The estimated amortization amounts expected to be reclassified from other comprehensive (income) loss for 2013 are $0.5 million and $1 million for prior service cost and $0.5 million and $0.4 million for net loss for EME and Midwest Generation, respectively.

EDISON MISSION ENERGY AND SUBSIDIARIES

MIDWEST GENERATION, LLC AND SUBSIDIARIES

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 8. Compensation and Benefit Plans (EME and Midwest Generation, except as noted) (Continued)

The following are weighted-average assumptions used to determine expense:

	Years Ended December 31,								
	2012			2011			2010		
	Midwest Generation	Other EME Subsidiaries(1)	EME	Midwest Generation	Other EME Subsidiaries(1)	EME	Midwest Generation	Other EME Subsidiaries(1)	EME
Discount rate	4.75%	4.75%	4.75%	5.50%	5.50%	5.50%	6.00%	6.00%	6.00%
Assumed health care cost trend rates:									
Current year	9.50%	9.50%	9.50%	9.75%	9.75%	9.75%	8.25%	8.25%	8.25%
Ultimate rate	5.25%	5.3%	5.3%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%
Year ultimate rate reached	2019	2019	2019	2019	2019	2019	2016	2016	2016

(1) Includes Homer City.

Increasing the health care cost trend rate by one percentage point would increase the accumulated benefit obligation as of December 31, 2012, by $18 million and $9 million and annual aggregate service and interest costs by $1 million and $1 million for EME and Midwest Generation, respectively. Decreasing the health care cost trend rate by one percentage point would decrease the accumulated benefit obligation as of December 31, 2012, by $16 million and $8 million and annual aggregate service and interest costs by $1 million and $1 million for EME and Midwest Generation, respectively.

The following benefit payments are expected to be paid:

Years Ending December 31, (in millions)	Midwest Generation	Other EME Subsidiaries(1)	EME
2013	$ 1	$ 1	$ 2
2014	1	1	2
2015	2	1	3
2016	2	1	3
2017	2	2	4
2018-2022	16	11	27

(1) Excludes Homer City.

Discount Rate

The discount rate enables EME and Midwest Generation to state expected future cash flows at a present value on the measurement date. EME and Midwest Generation select its discount rate by performing a yield curve analysis. This analysis determines the equivalent discount rate on projected cash flows, matching the timing and amount of expected benefit payments. Two corporate yield curves were considered, Citigroup and AON-Hewitt.

EDISON MISSION ENERGY AND SUBSIDIARIES

MIDWEST GENERATION, LLC AND SUBSIDIARIES

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 8. Compensation and Benefit Plans (EME and Midwest Generation, except as noted) (Continued)

Plan Assets

Description of Pension Investment Strategies

The investment of plan assets is overseen by a fiduciary investment committee. Plan assets are invested using a combination of asset classes, and may have active and passive investment strategies within asset classes. Target allocations for 2012 and 2011 pension plan assets are 30% for US equities, 16% for non-US equities, 35% for fixed income, 15% for opportunistic and/or alternative investments and 4% for other investments. EIX employs multiple investment management firms. Investment managers within each asset class cover a range of investment styles and approaches. Risk is managed through diversification among multiple asset classes, managers, styles and securities. Plan, asset class and individual manager performance is measured against targets. EIX also monitors the stability of its investment managers' organizations.

Allowable investment types include:

- United States Equities: Common and preferred stocks of large, medium, and small companies which are predominantly United States-based.

- Non-United States Equities: Equity securities issued by companies domiciled outside the United States and in depository receipts which represent ownership of securities of non-United States companies.

- Fixed Income: Fixed income securities issued or guaranteed by the United States government, non-United States governments, government agencies and instrumentalities including municipal bonds, mortgage backed securities and corporate debt obligations. A portion of the fixed income positions may be held in debt securities that are below investment grade.

Opportunistic, Alternative and Other Investments:

- Opportunistic: Investments in short to intermediate term market opportunities. Investments may have fixed income and/or equity characteristics and may be either liquid or illiquid.

- Alternative: Limited partnerships that invest in non-publicly traded entities.

- Other: Investments diversified among multiple asset classes such as global equity, fixed income currency and commodities markets. Investments are made in liquid instruments within and across markets. The investment returns are expected to approximate the plans' expected investment returns.

Asset class portfolio weights are permitted to range within plus or minus 3%. Where approved by the fiduciary investment committee, futures contracts are used for portfolio rebalancing and to reallocate portfolio cash positions. Where authorized, a few of the plans' investment managers employ limited use of derivatives, including futures contracts, options, options on futures and interest rate swaps in place of direct investment in securities to gain efficient exposure to markets. Derivatives are not used to leverage the plans or any portfolios.

EDISON MISSION ENERGY AND SUBSIDIARIES

MIDWEST GENERATION, LLC AND SUBSIDIARIES

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 8. Compensation and Benefit Plans (EME and Midwest Generation, except as noted) (Continued)

Determination of the Expected Long-Term Rate of Return on Assets

The overall expected long-term rate of return on assets assumption is based on the long-term target asset allocation for plan assets and capital markets return forecasts for asset classes employed.

Capital Markets Return Forecasts

The capital markets return forecast methodologies primarily use a combination of historical market data, current market conditions, proprietary forecasting expertise, and complex models to develop asset class return forecasts and a building block approach. The forecasts are developed using variables such as real risk-free interest, inflation, and asset class specific risk premiums. For equities, the risk premium is based on an assumed average equity risk premium of 5% over cash. The forecasted return on private equity and opportunistic investments are estimated at a 2% premium above public equity, reflecting a premium for higher volatility and liquidity. For fixed income, the risk premium is based off of a comprehensive modeling of credit spreads.

Fair Value of Plan Assets

The plan assets for EME and Midwest Generation pension are included in the SCE Company Retirement Plan Trust (Master Trust) assets which include investments in equity securities, US treasury securities, other fixed-income securities, common/collective funds, mutual funds, other investment entities, foreign exchange and interest rate contracts, and partnership/joint ventures. Equity securities, US treasury securities, mutual and money market funds are classified as Level 1 as fair value is determined by observable, unadjusted quoted market prices in active or highly liquid and transparent markets. Common/collective funds are valued at the net asset value (NAV) of shares held. Although common/collective funds are determined by observable prices, they are classified as Level 2 because they trade in markets that are less active and transparent. The fair value of the underlying investments in equity mutual funds and equity common/collective funds are based upon stock-exchange prices. The fair value of the underlying investments in fixed-income common/collective funds, fixed-income mutual funds and other fixed income securities including municipal bonds are based on evaluated prices that reflect significant observable market information such as reported trades, actual trade information of similar securities, benchmark yields, broker/dealer quotes, issuer spreads, bids, offers and relevant credit information. Foreign exchange and interest rate contracts are classified as Level 2 because the values are based on observable prices but are not traded on an exchange. Futures contracts trade on an exchange and therefore are classified as Level 1. Two of the partnerships are classified as Level 2 since this investment can be readily redeemed at NAV and the underlying investments are liquid publicly traded fixed-income securities which have observable prices. The remaining partnerships/joint ventures are classified as Level 3 because fair value is determined primarily based upon management estimates of future cash flows. Other investment entities are valued similarly to common collective funds and are therefore classified as Level 2. The Level 1 registered investment companies are either mutual or money market funds. The remaining funds in this category are readily redeemable at NAV and classified as Level 2 and are discussed further at footnote 7 to the pension plan master trust investments table below.

EIX reviews the process/procedures of both the pricing services and the trustee to gain an understanding of the inputs/assumptions and valuation techniques used to price each asset type/class.

EDISON MISSION ENERGY AND SUBSIDIARIES

MIDWEST GENERATION, LLC AND SUBSIDIARIES

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 8. Compensation and Benefit Plans (EME and Midwest Generation, except as noted) (Continued)

For further discussion on the valuation techniques used by EME to determine fair value, see Note 4—Fair Value Measurements. The values of Level 1 mutual and money market funds are publicly quoted. The trustees obtain the values of common/collective and other investment funds from the fund managers. The values of partnerships are based on partnership valuation statements updated for cash flows.

Pension Plan

The following table sets forth the Master Trust investments that were accounted for at fair value as of December 31, 2012 by asset class and level within the fair value hierarchy:

(in millions)	Level 1	Level 2	Level 3	Total
Corporate stocks(1)	$ 743	$ —	$ —	$ 743
Common/collective funds(2)	—	635	—	635
U.S. government and agency securities(3)	242	350	—	592
Partnerships/joint ventures(4)	—	166	414	580
Corporate bonds(5)	—	508	—	508
Other investment entities(6)	—	271	—	271
Registered investment companies(7)	98	28	—	126
Interest-bearing cash	24	—	—	24
Other	1	100	—	101
Total	$ 1,108	$ 2,058	$ 414	$ 3,580
Receivables and payables, net				(38)
Net plan assets available for benefits				3,542
EME's share of net plan assets				$ 215
Midwest Generation's share of net plan assets				$ 149

EDISON MISSION ENERGY AND SUBSIDIARIES

MIDWEST GENERATION, LLC AND SUBSIDIARIES

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 8. Compensation and Benefit Plans (EME and Midwest Generation, except as noted) (Continued)

The following table sets forth the Master Trust investments that were accounted for at fair value as of December 31, 2011 by asset class and level within the fair value hierarchy:

(in millions)	Level 1	Level 2	Level 3	Total
Corporate stocks(1)	$ 642	$ —	$ —	$ 642
Common/collective funds(2)	—	582	—	582
U.S. government and agency securities(3)	104	351	—	455
Partnerships/joint ventures(4)	—	140	448	588
Corporate bonds(5)	—	497	—	497
Other investment entities(6)	—	247	—	247
Registered investment companies(7)	79	29	—	108
Interest-bearing cash	5	—	—	5
Other	(1)	69	—	68
Total	$ 829	$ 1,915	$ 448	$ 3,192
Receivables and payables, net				$ (39)
Net plan assets available for benefits				3,153
EME's share of net plan assets				$ 177
Midwest Generation's share of net plan assets				$ 121

(1) Corporate stocks are diversified. For both 2012 and 2011, performance is primarily benchmarked against the Russell Indexes (60%) and Morgan Stanley Capital International (MSCI) index (40%).

(2) At December 31, 2012 and 2011, respectively, the common/collective assets were invested in equity index funds that seek to track performance of the Standard and Poor's (S&P 500) Index (29% and 29%), Russell 200 and Russell 1000 indexes (28% and 27%) and the MSCI Europe, Australasia and Far East (EAFE) Index (11% and 10%). A non-index U.S. equity fund representing 25% and 23% of this category for 2012 and 2011, respectively, is actively managed. Another fund representing 6% and 8% of this category for 2012 and 2011, respectively, is aglobal asset allocation fund.

(3) Level 1 U.S. government and agency securities are U.S. treasury bonds and notes. Level 2 primarily relates to the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation.

(4) Partnerships/joint venture Level 2 investments consist primarily of a partnership which invests in publicly traded fixed income securities, primarily from the banking and finance industry and U.S. government agencies. At December 31, 2012 and 2011, respectively, approximately 56% and 55% of the Level 3 partnerships are invested in (1) asset backed securities, including distressed mortgages and (2) commercial and residential loans and debt and equity of banks. The remaining Level 3 partnerships are invested in small private equity and venture capital funds. Investment strategies for these funds include branded consumer products, early stage technology, California geographic focus, and diversified US and non-US fund-of-funds.

EDISON MISSION ENERGY AND SUBSIDIARIES

MIDWEST GENERATION, LLC AND SUBSIDIARIES

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 8. Compensation and Benefit Plans (EME and Midwest Generation, except as noted) (Continued)

(5) Corporate bonds are diversified. At December 31, 2012 and 2011, respectively, this category includes $65 million and $53 million for collateralized mortgage obligations and other asset backed securities of which $7 million and $10 million are below investment grade.

(6) Other investment entities were primarily invested in (1) emerging market equity securities, (2) a hedge fund that invests through liquid instruments in a global diversified portfolio of equity, fixed income, interest rate, foreign currency and commodities markets, and (3) domestic mortgage backed securities.

(7) Level 1 of registered investment companies consisted of a global equity mutual fund which seeks to outperform the MSCI World Total Return Index. Level 2 primarily consisted of short-term, emerging market, high yield bond funds and government inflation-indexed bonds and short-term bond fund.

At December 31, 2012 and 2011, approximately 66% and 69%, respectively, of the publicly traded equity investments, including equities in the common/collective funds, were located in the United States.

The following table sets forth a summary of changes in the fair value of Level 3 investments for 2012 and 2011:

(in millions)	2012	2011
Fair value, net at beginning of period	$ 448	$ 345
Actual return on plan assets:		
Relating to assets still held at end of period	88	6
Relating to assets sold during the period	13	22
Purchases	98	130
Dispositions	(233)	(55)
Transfers in and /or out of Level 3	—	—
Fair value, net at end of period	$ 414	$ 448

Stock-Based Compensation (EME only)

EME participated in an EIX shareholder-approved incentive plan (the 2007 Performance Incentive Plan) that includes stock-based compensation. In conjunction with the commencement of the Chapter 11 Cases, EME ceased participating in EIX's long-term incentive compensation programs, and does not expect that any new EIX stock-based compensation will be awarded to EME employees.

Stock Options

Under various plans, EIX had granted stock options to EME employees at exercise prices equal to the average of the high and low price, and beginning in 2007, at the closing price at the grant date, EIX may grant stock options and other awards related to or with a value derived from its common stock to directors and certain employees. Options generally expire 10 years after the grant date and vest over a period of four years of continuous service, with expense recognized evenly over the requisite service period, except for awards granted to retirement-eligible participants, as discussed in "Stock-

EDISON MISSION ENERGY AND SUBSIDIARIES

MIDWEST GENERATION, LLC AND SUBSIDIARIES

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 8. Compensation and Benefit Plans (EME and Midwest Generation, except as noted) (Continued)

Based Compensation" in Note 1. Stock options granted in 2003 through 2006 accrue dividend equivalents for the first five years of the option term. Stock options granted in 2007 and later have no dividend equivalent rights except for options granted to EIX's Board of Directors in 2007. Unless transferred to nonqualified deferral plan accounts, dividend equivalents accumulate without interest. Dividend equivalents are paid in cash after the vesting date. EIX has discretion to pay certain dividend equivalents in shares of EIX common stock. Additionally, EIX will substitute cash awards to the extent necessary to pay tax withholding or any government levies.

The fair value for each option granted was determined as of the grant date using the Black-Scholes option-pricing model. The Black-Scholes option-pricing model requires various assumptions noted in the following table:

	Years Ended December 31,		
	2012	2011	2010
Expected terms (in years)	6.9	7.0	7.3
Risk-free interest rate	1.1% - 1.7%	1.4% - 3.1%	2.0% - 3.2%
Expected dividend yield	2.8% - 3.1%	3.1% - 3.5%	3.3% - 4.0%
Weighted-average expected dividend yield	3.0%	3.4%	3.8%
Expected volatility	17% - 18%	18% - 19%	19% - 20%
Weighted-average volatility	18.3%	18.9%	19.8%

The expected term represents the period of time for which the options are expected to be outstanding and is primarily based on historical exercise and post-vesting cancellation experience and stock price history. The risk-free interest rate for periods within the contractual life of the option is based on a zero coupon U.S. Treasury issued STRIPS (separate trading of registered interest and principal of securities) whose maturity equals the option's expected term on the measurement date. Expected volatility is based on the historical volatility of EIX's common stock for the length of the options expected term for 2012. The volatility period used was 83 months, 84 months and 87 months at December 31, 2012, 2011 and 2010, respectively.

EDISON MISSION ENERGY AND SUBSIDIARIES

MIDWEST GENERATION, LLC AND SUBSIDIARIES

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 8. Compensation and Benefit Plans (EME and Midwest Generation, except as noted) (Continued)

A summary of the status of EIX's stock options granted to EME employees is as follows:

	Stock Options	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value (in millions)
Outstanding, December 31, 2011	3,344,611	$ 34.05		
Granted	660,222	43.16		
Expired	(112,129)	47.39		
Transferred to affiliates	(270,312)	33.13		
Forfeited	(41,094)	39.88		
Exercised	(881,064)	26.39		
Outstanding, December 31, 2012	2,700,234	38.23	6.24	
Vested and expected to vest at December 31, 2012	2,586,910	38.23	6.16	$ 20
Exercisable at December 31, 2012	1,286,055	38.30	4.22	10

At December 31, 2012, there was $4 million of total unrecognized compensation cost related to stock options, net of expected forfeitures. That cost is expected to be recognized over a weighted-average period of approximately 2 years.

Performance Shares

A target number of contingent performance shares were awarded to EME executives in March 2010, March 2011 and March 2012, and vest atthe end of December 2012, 2013 and 2014, respectively. Performance shares awarded contain dividend equivalent reinvestment rights. An additional number of target contingent performance shares will be credited based on dividends on EIX common stock for which the ex-dividend date falls within the performance period. The vesting of EIX's performance shares is dependent upon a market condition and three years of continuous service subject to a prorated adjustment for employees who are terminated under certain circumstances or retire, but payment cannot be accelerated. The market condition is based on EIX's total shareholder return relative to the total shareholder return of a specified group of peer companies at the end of a three-calendar-year period. The number of performance shares earned is determined based on EIX's ranking among these companies. Performance shares earned are settled half in cash and half in common stock; however, EIX has discretion under certain of the awards to pay the half subject to cash settlement in common stock. EIX also has discretion to pay certain dividend equivalents in EIX common stock. Additionally, cash awards are substituted to the extent necessary to pay tax withholding or any government levies. The portion of performance shares that can be settled in cash is classified as a share-based liability award. The fair value of these shares is remeasured at each reporting period and the related compensation expense is adjusted. The portion of performance shares payable in common stock is classified as a share-based equity award. Compensation expense related to these shares is based on the grant-date fair value. Performance shares expense is recognized ratably over the requisite service period based on the fair values determined, except for awards granted to retirement-eligible participants.

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MIDWEST GENERATION, LLC AND SUBSIDIARIES

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 8. Compensation and Benefit Plans (EME and Midwest Generation, except as noted) (Continued)

The fair value of performance shares is determined using a Monte Carlo simulation valuation model. The Monte Carlo simulation valuation model requires various assumptions noted in the following table:

	Years Ended December 31,		
	2012	2011	2010
Equity awards			
Grant date risk-free interest rate	0.4%	1.2%	1.3%
Grant date expected volatility	13.2%	20.4%	21.6%
Liability awards(1)			
Expected volatility	12.1%	15.9%	20.6%
Risk-free interest rate			
2012 awards	0.4%	*	*
2011 awards	0.2%	0.3%	*
2010 awards	*	0.2%	0.6%

(1) The portion of performance shares classified as share-based liability awards are revalued at each reporting period.

* Not applicable.

The risk-free interest rate is based on the daily spot rate on the grant or valuation date on U.S. Treasury zero coupon issue or STRIPS with terms nearest to the remaining term of the performance shares and is used as proxy for the expected return for the specified group of peer companies. Expected volatility is based on the historical volatility of EIX's (and the specified group of peer companies') common stock for the most recent 36 months. Historical volatility for each company in the specified group is obtained from a financial data services provider.

A summary of the status of EIX nonvested performance shares granted to EME employees is as follows:

	Equity Awards		Liability Awards	
	Shares	Weighted-Average Grant-Date Fair Value	Shares	Weighted-Average Fair Value
Nonvested at December 31, 2011	84,313	$ 27.50	84,313	$ 29.48
Granted	16,797	51.41	16,750	
Forfeited	(1,514)	37.56	(1,508)	
Vested(1)	(52,650)	25.71	(52,678)	
Transferred to affiliates	(5,717)	27.62	(5,716)	
Nonvested at December 31, 2012	41,229	39.14	41,161	46.48

(1) Includes performance shares that were paid as performance targets were met.

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MIDWEST GENERATION, LLC AND SUBSIDIARIES

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 8. Compensation and Benefit Plans (EME and Midwest Generation, except as noted) (Continued)

The current portion of nonvested performance shares classified as liability awards is reflected in accrued liabilities and the long-term portion is reflected in other long-term liabilities on the consolidated balance sheets.

At December 31, 2012, there was $4.0 million (based on the December 31, 2012 fair value of performance shares classified as equity awards) of total unrecognized compensation cost related to performance shares. That cost is expected to be recognized over a weighted-average period of approximately two years.

Restricted Stock Units

Restricted stock units were awarded to EME executives in March 2010, March 2011 and March 2012 and vest and become payable in January 2013, 2014 and 2015, respectively. Each restricted stock unit awarded is a contractual right to receive one share of EIX common stock, if vesting requirements are satisfied. Restricted stock units awarded contain dividend equivalent reinvestment rights. An additional number of restricted stock units will be credited based on dividends on EIX common stock for which the ex-dividend date falls within the performance period. The vesting of EIX's restricted stock units is dependent upon continuous service through the end of the three-calendar-year-plus-two-days vesting period. Vesting is subject to a pro- rated adjustment for employees who are terminated under certain circumstances or retire. Cash awards are substituted to the extent necessary to pay tax withholding or any government levies.

The following is a summary of the status of EIX nonvested restricted stock units granted to EME employees:

	Restricted Stock Units	Weighted-Average Grant-Date Fair Value
Nonvested at December 31, 2011	129,750	$ 32.11
Granted	39,918	43.16
Forfeited	(2,911)	38.85
Paid Out	(45,488)	26.24
Affiliate transfers—net	(10,049)	31.42
Nonvested at December 31, 2012	111,220	38.36

The fair value for each restricted stock unit awarded is determined as the closing price of EIX common stock on the grant date.

Compensation expense related to these shares, which is based on the grant-date fair value, is recognized ratably over the requisite service period, except for awards whose holders become eligible for retirement vesting during the service period, in which case recognition is accelerated into the year the holders become eligible for retirement vesting. At December 31, 2012, there was $1.6 million of total unrecognized compensation cost related to restricted stock units, net of expected forfeitures, which is expected to be recognized as follows: $1 million in 2013 and $0.5 million in 2014.

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MIDWEST GENERATION, LLC AND SUBSIDIARIES

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 8. Compensation and Benefit Plans (EME and Midwest Generation, except as noted) (Continued)

Supplemental Data on Stock-Based Compensation

	Years Ended December 31,		
(in millions, except per award amounts)	2012	2011	2010
Stock-based compensation expense(1)			
Stock options	$ 3	$ 2	$ 4
Performance shares	1	1	2
Restricted stock units	1	2	1
Other	2	2	2
Total stock-based compensation expense	$ 7	$ 7	$ 9
Income tax benefits related to stock compensation expense	$ 3	$ 3	$ 4
Excess tax benefits(2)	5	2	1
Stock options			
Weighted average grant date fair value per option granted	$ 5.22	$ 5.61	$ 4.92
Fair value of options vested	3	3	3
Cash used to purchase shares to settle options	44	18	11
Cash from participants to exercise stock options	26	12	6
Value of options exercised	18	6	4
Tax benefits from options exercised	6	2	2
Performance shares(3) classified as equity awards			
Weighted average grant date fair value per share granted	$ 51.41	$ 31.14	$ 32.50
Fair value of shares vested	1.4	0.8	0.9
Restricted stock units			
Weighted average grant date fair value per unit granted	$ 43.16	$ 38.03	$ 33.30
Value of shares settled	$ 1	$ 2	$ —
Tax benefits realized from settlement of awards	$ —	$ 1	$ —

(1) Reflected in administration and general on the consolidated statements of operations.

(2) Reflected in excess tax benefits related to stock-based awards in cash flows from financing activities on the consolidated statements of cash flows.

(3) There were no settlements of awards for performance shares in 2012, 2011 and 2010 as performance targets were not met.

Note 9. Commitments and Contingencies (EME and Midwest Generation, except as noted)

Lease Commitments

EME

EME leases office space, property and equipment under lease agreements that expire in various years through 2039. Amounts classified as LSTC, related to Midwest Generation's rejected railcars and river barge contracts, are discussed below.

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MIDWEST GENERATION, LLC AND SUBSIDIARIES

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 9. Commitments and Contingencies (EME and Midwest Generation, except as noted) (Continued)

Future minimum payments for operating leases at December 31, 2012 for EME are:

Years Ending December 31, (in millions)	Powerton and Joliet Stations(1)	Other Operating Leases	LSTC
2013	$ 151	$ 19	$ 10
2014	151	17	—
2015	67	17	—
2016	26	13	—
2017	1	15	—
Thereafter	240	130	—
Total future commitments	$ 636	$ 211	$ 10

(1) Reflects principal and interest payments related to the Powerton and Joliet Sale Leaseback.

The minimum commitments do not include contingent rentals with respect to the wind projects which may be paid under certain leases on the basis of a percentage of sales calculation if this is in excess of the stipulated minimum amount.

Operating lease expense amounted to $108 million, $110 million and $112 million in 2012, 2011 and 2010, respectively.

Midwest Generation

Midwest Generation has operating leases in place primarily for railcars with termination dates in various years through 2019. As of December 31, 2012, Midwest Generation leased approximately 3,200 railcars. Pursuant to an order entered in the Chapter 11 Cases, Midwest Generation rejected a lease related to 1,275 of these railcars. Midwest Generation has also rejected a contract related to 11 river barges. Both rejected contracts are expected to be allowable claims and are recorded as LSTC. In addition, the principal payments associated with the Powerton and Joliet Sale Leaseback are also recorded in LSTC. For further discussion of LSTC, see Note 16—Restructuring Activities.

EDISON MISSION ENERGY AND SUBSIDIARIES

MIDWEST GENERATION, LLC AND SUBSIDIARIES

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 9. Commitments and Contingencies (EME and Midwest Generation, except as noted) (Continued)

Future minimum operating lease payments and lease financing commitments at December 31, 2012 for Midwest Generation are:

Years Ending December 31, (in millions)	Lease Financings	Operating Leases	LSTC
2013	$ 7	$ 8	$ 129
2014	2	7	133
2015	—	7	58
2016	—	5	23
2017	—	5	—
Thereafter	—	6	101
Total future commitments	$ 9	$ 38	$ 444
Amount representing interest	1		
Net commitments	$ 8		

Operating lease expense amounted to $14 million, $16 million and $17 million in 2012, 2011 and 2010, respectively.

Powerton and Joliet Sale Leaseback

Covenants in the Powerton and Joliet Sale Leaseback documents include restrictions on the ability of EME and Midwest Generation to, among other things, incur debt, create liens on its property, merge or consolidate, sell assets, make investments, engage in transactions with affiliates, make distributions, make capital expenditures, enter into agreements restricting its ability to make distributions, engage in other lines of business, enter into swap agreements, or engage in transactions for any speculative purpose.

The filing of the Chapter 11 Cases constitutes events of default under the Powerton and Joliet Sale Leaseback. However, EME and Midwest Generation have entered into forbearance agreements which expire the earlier of April 5, 2013 or upon notice of withdrawal from the agreement by approximately 60 percent of the holders of the Senior Lease Obligation Bonds.

In the event the forbearance expires or is otherwise cancelled, each owner-lessor and the certificate holders can exercise certain rights under the applicable lease. Each lease sets forth a termination value payable upon certain circumstances, which generally declines over time. A default under the terms of the Powerton and Joliet leases could result in foreclosure and a loss by Midwest Generation of its lease interest in the plant. In addition, under certain circumstances, a default would trigger obligations under EME's guarantee of such leases. These events could have an adverse effect on EME's and Midwest Generation's results of operations and financial position. The remaining lessor debt held by pass-through trustees of the Senior Lease Obligation Bonds was $345 million at December 31, 2012 with a fixed interest rate of 8.56%. For further discussion of lease payments associated with the Powerton and Joliet Sale Leaseback, see Note 1—Summary of Significant Accounting Policies—Chapter 11 Cases.

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 9. Commitments and Contingencies (EME and Midwest Generation, except as noted) (Continued)

Capital Lease Commitments

At December 31, 2012, EME and Midwest Generation had capital leased assets reflected in property, plant and equipment on their consolidated balance sheets of $4 million and accumulated amortization of $1 million. At December 31, 2012, EME had $1 million and $2 million included in accrued liabilities and other and other long-term liabilities, respectively, and Midwest Generation had $1 million and $2 million included in current portion of lease financings and lease financings, net of current portion, respectively, on their consolidated balance sheets representing the present value of the minimum lease payments due under these leases through December 31, 2014.

Other Commitments

Certain other minimum commitments are estimated as follows:

(in millions)	2013	2014	2015	2016	2017
Midwest Generation					
Fuel supply contracts	$ 170	$ 150	$ —	$ —	$ —
Coal transportation agreements(1)	283	276	260	260	215
Capital expenditures	25	19	17	—	—
Other contractual obligations	19	1	—	—	—
Other EME subsidiaries					
Gas transportation agreements	7	7	7	8	7
Capital expenditures	24	—	—	—	—
Other contractual obligations	32	23	18	13	7
	$ 560	$ 476	$ 302	$ 281	$ 229

(1) Years 2013 through 2017 reflect a reduction in minimum volumes for the voluntarily cessation of coal-fired operations at the Fisk and Crawford Stations.

Fuel Supply Contracts and Coal Transportation Agreements

At December 31, 2012, Midwest Generation had commitments to purchase coal from third-party suppliers at fixed prices, subject to adjustment clauses and had contractual agreements for the transportation of coal. The commitments under these contracts are based on either actual coal purchases derived from committed coal volumes set forth in fuel supply contracts or minimum quantities as set forth in the transportation agreements as adjusted for provisions that mitigate the financial exposure of Midwest Generation related to a plant closure under certain circumstances as specified in the agreements. The commitment for the transportation of coal at December 31, 2012 was estimated to aggregate $2.2 billion.

Capital Commitments

At December 31, 2012, Midwest Generation had firm commitments for capital expenditures related to both environmental and non-environmental improvements and EME's other subsidiaries had firm commitments for capital expenditures primarily related to the Walnut Creek project. As described in

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 9. Commitments and Contingencies (EME and Midwest Generation, except as noted) (Continued)

the Support Agreement, EME agreed to seek the reasonable consent of the Noteholders to make material capital expenditures or payments with respect to the facilities that are subject to the Powerton and Joliet Sale Leaseback. For further discussion on funding Midwest Generation's capital expenditures, see Note 10—Environmental Developments.

Other Contractual Obligations

At December 31, 2012, Midwest Generation had contractual commitments for the purchase of materials used in the operation of environmental controls equipment and EME's other subsidiaries were party to turbine operations and maintenance agreements.

Gas Transportation Agreements (EME only)

At December 31, 2012, EME had contractual commitments to purchase and re-sell natural gas transportation. Under the terms of these agreements, which expire in April 2018, EME will purchase the gas transportation for $39 million and re-sell it for $48 million. Earnings under these agreements will be earned ratably over the course of the agreements.

Interconnection Agreement (Midwest Generation only)

Midwest Generation has entered into interconnection agreements with Commonwealth Edison to provide interconnection services necessary to connect the Midwest Generation plants with its transmission systems. Unless terminated earlier in accordance with their terms, the interconnection agreements will terminate on a date mutually agreed to by both parties. Midwest Generation is required to compensate Commonwealth Edison for all reasonable costs associated with any modifications, additions or replacements made to the interconnection facilities or transmission systems in connection with any modification, addition or upgrade to the Midwest Generation plants.

Guarantees and Indemnities

EME and certain of its subsidiaries have various financial and performance guarantees and indemnity agreements which are issued in the normal course of business. The contracts discussed below included performance guarantees.

Environmental Indemnities Related to the Midwest Generation Plants

In connection with the acquisition of the Midwest Generation plants, EME and Midwest Generation agreed to indemnify Commonwealth Edison with respect to specified environmental liabilities before and after December 15, 1999, the date of sale. The indemnification obligations are reduced by any insurance proceeds and tax benefits related to such indemnified claims and are subject to a requirement that Commonwealth Edison takes all reasonable steps to mitigate losses related to any such indemnification claim. Also, in connection with the Powerton and Joliet Sale Leaseback, EME agreed to indemnify the owner-lessors for specified environmental liabilities. These indemnities are not limited in term or amount. Due to the nature of the obligations under these indemnities, a maximum potential liability cannot be determined. Commonwealth Edison has advised EME that Commonwealth Edison believes it is entitled to indemnification for all liabilities, costs, and expenses that it may be

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 9. Commitments and Contingencies (EME and Midwest Generation, except as noted) (Continued)

required to bear as a result of the litigation discussed below under "—Contingencies—Midwest Generation New Source Review and Other Litigation," and one of the Powerton-Joliet owner-lessors has made a similar request for indemnification. Commonwealth Edison has also advised EME and Midwest Generation that it believes it is entitled to indemnification for costs and expenses incurred in connection with the information requests discussed below under "—Contingencies—Environmental Remediation." Except as discussed below, EME and Midwest Generation have not recorded a liability related to these environmental indemnities.

Midwest Generation entered into a supplemental agreement with Commonwealth Edison and Exelon Generation Company LLC on February 20, 2003 to resolve a dispute regarding interpretation of Midwest Generation's reimbursement obligation for asbestos claims under the environmental indemnities set forth in the Asset Sale Agreement. Under this supplemental agreement, Midwest Generation agreed to reimburse Commonwealth Edison and Exelon Generation for 50% of specific asbestos claims pending as of February 2003 and related expenses less recovery of insurance costs, and agreed to a sharing arrangement for liabilities and expenses associated with future asbestos-related claims as specified in the agreement. The obligations under this agreement are not subject to a maximum liability. The supplemental agreement had an initial five-year term with an automatic renewal provision for subsequent one-year terms (subject to the right of either party to terminate); pursuant to the automatic renewal provision, the supplemental agreement has been extended until February 2014. There were approximately 235 cases for which Midwest Generation was potentially liable that had not been settled and dismissed at December 31, 2012. Midwest Generation had $53 million recorded in LSTC and $54 million recorded as a liability at December 31, 2012 and 2011, respectively, related to this contractual indemnity. For discussion of LSTC, see Note 16—Restructuring Activities.

Indemnities Related to the Homer City Plant (EME only)

In connection with the 1999 acquisition of the Homer City plant from NYSEG and Penelec (sellers), Homer City agreed to indemnify the sellers with respect to specified environmental liabilities before and after the date of sale. EME guaranteed this indemnity obligation of Homer City. In connection with Homer City's divestiture of assets to an affiliate of GECC on December 14, 2012, EME re-affirmed its guaranty to NYSEG and Penelec. Also in connection with the recent asset transfer to the GECC affiliate, all operative documents with respect to Homer City's sale leaseback (including all EME indemnities in favor of the former owner-lessors) were terminated. In connection with the transfer, the GECC affiliate did not assume (and Homer City retained) liabilities for monetary fines and penalties for violations of environmental laws or environmental permits prior to the closing date. EME has not recorded a liability related to this indemnity. For discussion of the New Source Review lawsuit filed against Homer City, see "—Contingencies—Homer City New Source Review and Other Litigation."

Indemnities Provided under Asset Sale and Sale Leaseback Agreements

The asset sale agreements for the sale of EME's international assets contain indemnities from EME to the purchasers, including indemnification for taxes imposed with respect to operations of the assets prior to the sale and for pre-closing environmental liabilities. Not all indemnities under the asset sale agreements have specific expiration dates. At December 31, 2012 and 2011, EME had $20 million

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 9. Commitments and Contingencies (EME and Midwest Generation, except as noted) (Continued)

recorded in LSTC and $36 million recorded as a liability, respectively, related to these matters. For discussion of LSTC, see Note 16—Restructuring Activities.

In connection with the Powerton and Joliet Sale Leaseback and, previously, a sale leaseback transaction related to the Collins Station in Illinois, EME, Midwest Generation and another wholly owned subsidiary of EME entered into tax indemnity agreements. Under certain of these tax indemnity agreements, Midwest Generation, as the lessee in the Powerton and Joliet Sale Leaseback agreed to indemnify the respective owner-lessors for specified adverse tax consequences that could result from certain situations set forth in each tax indemnity agreement, including specified defaults under the respective leases. Although the Collins Station lease terminated in April 2004, Midwest Generation's indemnities in favor of its former lease equity investors are still in effect. EME provided similar indemnities in the Powerton and Joliet Sale Leaseback. The potential indemnity obligations under these tax indemnity agreements could be significant. Due to the nature of these potential obligations, EME and Midwest Generation cannot determine a range of estimated obligations which would be triggered by a valid claim from the owner-lessors. EME and Midwest Generation have not recorded a liability for these matters.

Other Indemnities

EME and Midwest Generation provide other indemnifications through contracts entered into in the normal course of business. These include, among other things, indemnities for specified environmental liabilities and for income taxes with respect to assets sold. EME's and Midwest Generation's obligations under these agreements may or may not be limited in terms of time and/or amount, and in some instances EME and Midwest Generation may have recourse against third parties. EME and Midwest Generation cannot determine a range of estimates and have not recorded a liability related to these indemnities.

Contingencies

In addition to the matters disclosed in these notes, EME and Midwest Generation are involved in other legal, tax and regulatory proceedings before various courts and governmental agencies regarding matters arising in the ordinary course of business. EME and Midwest Generation believe the outcome of these other proceedings, individually and in the aggregate, will not materially affect their results of operations or liquidity.

Midwest Generation New Source Review and Other Litigation

In August 2009, the US EPA and the State of Illinois filed a complaint in the United States District Court for the Northern District of Illinois alleging that Midwest Generation or Commonwealth Edison performed repair or replacement projects at six Illinois coal-fired electric generating stations in violation of the Prevention of Significant Deterioration (PSD) requirements and of the New Source Performance Standards of the Clean Air Act (CAA), including alleged requirements to obtain a construction permit and to install controls sufficient to meet best available control technology (BACT) emission rates. The US EPA also alleged that Midwest Generation and Commonwealth Edison violated certain operating permit requirements under Title V of the CAA. Finally, the US EPA alleged violations of certain opacity and particulate matter standards at the Midwest Generation plants. In

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Note 9. Commitments and Contingencies (EME and Midwest Generation, except as noted) (Continued)

addition to seeking penalties ranging from $25,000 to $37,500 per violation, per day, the complaint called for an injunction ordering Midwest Generation to install controls sufficient to meet BACT emission rates at all units subject to the complaint and other remedies. The remedies sought by the plaintiffs in the lawsuit could go well beyond the requirements of the Combined Pollutant Standard (CPS). Several Chicago-based environmental action groups intervened in the case.

Nine of the ten PSD claims raised in the complaint have been dismissed, along with claims related to alleged violations of Title V of the CAA, to the extent based on the dismissed PSD claims, and all claims asserted against Commonwealth Edison and EME. The court denied a motion to dismiss a claim by the Chicago-based environmental action groups for civil penalties in the remaining PSD claim, but noted that the plaintiffs will be required to convince the court that the statute of limitations should be equitably tolled. The court did not address other counts in the complaint that allege violations of opacity and particulate matter limitations under the Illinois State Implementation Plan and Title V of the CAA. The dismissals have been certified as "partial final judgments" capable of appeal, and an appeal is pending before the Seventh Circuit Court of Appeals. The remaining claims have been stayed pending the appeal. In February 2012, certain of the environmental action groups that had intervened in the case entered into an agreement with Midwest Generation to dismiss without prejudice all of their opacity claims as to all defendants. The agreed upon motion to dismiss was approved by the court on March 26, 2012.

In January 2012, two complaints were filed against Midwest Generation in Illinois state court by residents living near the Crawford and Fisk Stations on behalf of themselves and all others similarly situated, each asserting claims of nuisance, negligence, trespass, and strict liability. The plaintiffs seek to have their suits certified as a class action and request injunctive relief, as well as compensatory and punitive damages. The complaints are similar to two complaints previously filed in the United States District Court for the Northern District of Illinois, which were dismissed in October 2011 for lack of federal jurisdiction. Midwest Generation's motions to dismiss the cases were denied in August 2012, following which the plaintiffs filed amended complaints alleging substantially similar claims and requesting similar relief. Midwest Generation has filed motions to dismiss the amended complaints, and these complaints are stayed as a result of the Chapter 11 Cases.

In October 2012, Midwest Generation and the Illinois Environmental Protection Agency entered into Compliance Commitment Agreements outlining specified environmental remediation measures and groundwater monitoring activities to be undertaken at its Powerton, Joliet, Crawford, Will County and Waukegan generating stations. Also in October 2012, several environmental groups filed a complaint before the Illinois Pollution Control Board against Midwest Generation, alleging violations of the Illinois groundwater standards through the operation of coal ash disposal ponds at its Powerton, Joliet, Waukegan and Will County generating stations. The complaint requests the imposition of civil penalties, injunctive relief and remediation. Midwest Generation filed a motion to dismiss the complaint, which is now stayed as a result of the Chapter 11 Cases.

In December 2012, the Sierra Club filed a complaint before the Illinois Pollution Control Board against Midwest Generation, alleging violations of sulfur dioxide (SO_2) emissions standards at its Powerton, Joliet, Waukegan and Will County generating stations. The complaint is based on alleged violations of the US EPA National Ambient Air Quality Standards (NAAQS) regulations for 1-hour SO_2, which have not yet been incorporated into any specific state implementation plan in Illinois. The

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 9. Commitments and Contingencies (EME and Midwest Generation, except as noted) (Continued)

complaint requests the imposition of civil penalties, injunctive relief, and the imposition of further reductions on SO_2 emissions to offset past emissions. The complaint is now stayed as a result of the Chapter 11 Cases.

Adverse decisions in these cases could involve penalties, remedial actions and damages that could have a material impact on the financial condition and results of operations of Midwest Generation and EME. EME cannot predict the outcome of these matters or estimate the impact on the Midwest Generation plants, or its and Midwest Generation's results of operations, financial position or cash flows. EME and Midwest Generation have not recorded a liability for these matters.

Homer City New Source Review and Other Litigation (EME only)

In January 2011, the US EPA filed a complaint in the United States District Court for the Western District of Pennsylvania against Homer City, the sale leaseback owner participants of the Homer City plant, and two prior owners of the Homer City plant. The complaint alleged violations of the PSD and Title V provisions of the CAA, as a result of projects in the 1990s performed by prior owners without PSD permits and the subsequent failure to incorporate emissions limitations that meet BACT into the station's Title V operating permit. In addition to seeking penalties ranging from $32,500 to $37,500 per violation, per day, the complaint called for an injunction ordering Homer City to install controls sufficient to meet BACT emission rates at all units subject to the complaint and for other remedies. The PADEP, the State of New York and the State of New Jersey intervened in the lawsuit. In October 2011, all of the claims in the US EPA's lawsuit were dismissed with prejudice. An appeal of the dismissal is pending before the United States Court of Appeals for the Third Circuit.

Also in January 2011, two residents filed a complaint in the United States District Court for the Western District of Pennsylvania, on behalf of themselves and all others similarly situated, against Homer City, the sale leaseback owner participants of the Homer City plant, two prior owners of the Homer City plant, EME, and EIX, claiming that emissions from the Homer City plant had adversely affected their health and property values. The plaintiffs sought to have their suit certified as a class action and requested injunctive relief, the funding of a health assessment study and medical monitoring, as well as compensatory and punitive damages. In October 2011, the claims in the purported class action lawsuit that were based on the federal CAA were dismissed with prejudice, while state law statutory and common law claims were dismissed without prejudice to re-file in state court should the plaintiffs choose to do so. EME does not know whether the plaintiffs will file a complaint in state court.

In February 2012, Homer City received a 60-day Notice of Intent to Sue indicating the Sierra Club's intent to file a citizen lawsuit alleging violations of emissions standards and limitations under the CAA and the Pennsylvania Air Pollution Control Act. On December 13, 2012, Homer City and the Sierra Club entered into a settlement agreement in the Sierra Club's appeal of the permit issued to Homer City for certain environmental improvements. Part of the settlement included a conditional commitment by the Sierra Club not to pursue the allegations contained in the Notice of Intent to Sue letter.

Adverse decisions in these cases could involve penalties, remedial actions and damages that could have a material impact on the financial condition and results of operations of EME. EME cannot

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Note 9. Commitments and Contingencies (EME and Midwest Generation, except as noted) (Continued)

predict the outcome of these matters or estimate the impact on its results of operations, financial position or cash flows. EME has not recorded a liability for these matters.

Environmental Remediation

Legislative and regulatory activities by federal, state, and local authorities in the United States relating to energy and the environment impose numerous restrictions and requirements with respect to the operation of EME's existing facilities, including the Midwest Generation plants, and affect the timing, cost, location, design, construction, and operation of new facilities by EME's subsidiaries, as well as the cost of mitigating the environmental impacts of past operations.

With respect to potential liabilities arising under the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (CERCLA) or similar laws for the investigation and remediation of contaminated property, EME and Midwest Generation accrue a liability to the extent the costs are probable and can be reasonably estimated. Midwest Generation had accrued a probable amount of approximately $9 million at December 31, 2012 for estimated environmental investigation and remediation costs for four stations at the Midwest Generation plants. This estimate is based upon the number of sites, the scope of work and the estimated costs for investigation and/or remediation where such expenditures could be reasonably estimated. EME and Midwest Generation also have identified sites for which a reasonable estimate cannot be made. Future estimated costs may vary based on changes in regulations or requirements of federal, state or local governmental agencies, changes in technology, and actual costs of disposal. In addition, future remediation costs will be affected by the nature and extent of contamination discovered at the sites that require remediation. Given the prior history of the operations at its facilities, EME and Midwest Generation cannot be certain that the existence or extent of all contamination at its sites has been fully identified.

In September 2012, Midwest Generation received a request for information under Section 104(e) of CERCLA regarding environmental sampling and investigation performed at its Fisk and Crawford sites. In October 2012, Midwest Generation responded to the request.

Chevron Adversary Proceeding (EME only)

In December 2012, Chevron Kern River Company and Chevron Sycamore Cogeneration Company filed a complaint against Southern Sierra Energy Company and Western Sierra Energy in the Chapter 11 Cases. The plaintiffs and defendants are partners in the Kern River and Sycamore projects. The complaint alleged that the filing of the Chapter 11 Cases constituted a default under the partnership agreements related to those projects, entitling the defendants to expel the plaintiffs from the partnerships and pay for their interests at a price based on the net book value of the partnerships, and sought a declaratory judgment, injunctive relief, and relief from the automatic stay in support of those alleged remedies. In January 2013, the Bankruptcy Court denied the plaintiffs' request for relief from the automatic stay and a preliminary injunction. The plaintiffs have filed a notice of appeal.

Insurance

At December 31, 2012 and 2011, EME had receivables of $3 million. Midwest Generation had receivables of $3 million at December 31, 2011 primarily related to insurance claims from unplanned

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 9. Commitments and Contingencies (EME and Midwest Generation, except as noted) (Continued)

outages at the Midwest Generation plants. During 2011 and 2010, $5 million and $2 million, respectively, related to business interruption insurance coverage was recorded and has been reflected in other income, net on EME's consolidated statements of operations, of which $2 million during 2011 has been reflected in interest and other income on Midwest Generation's consolidated statements of operations. EME received $2 million and $16 million, of which $2 million and $11 million was received by Midwest Generation, in cash payments related to insurance claims during 2012 and 2011, respectively.

Note 10. Environmental Developments (EME, Midwest Generation)

Midwest Generation Environmental Compliance Plans and Costs

In 2012, Midwest Generation continued to develop and implement a compliance program that includes the operation of activated carbon injection systems, Selective Non-Catalytic Reduction (SNCR) systems, upgrades to particulate removal systems and the use of dry sorbent injection, combined with the use of low sulfur Powder River Basin (PRB) coal, to meet emissions limits for criteria pollutants, such as nitrogen dioxide (NO_x) and SO_2 as well as for hazardous air pollutants, such as mercury, acid gas and non-mercury metals.

Decisions whether or not to proceed with retrofitting of any particular units to comply with CPS requirements for SO_2 emissions, including those that have received permits, are subject to a number of factors such as market conditions, regulatory and legislative developments, liquidity and forecasted commodity prices and capital and operating costs applicable at the time decisions are required or made. Midwest Generation may also elect to shut down units or curtail generation, instead of installing controls, to be in compliance with the CPS. During the third quarter of 2012, the Illinois Pollution Control Board granted Midwest Generation's request to extend Waukegan Unit 7's unit specific retrofit requirements from December 31, 2013 to December 31, 2014. MidwestGeneration has also requested from the Illinois Pollution Control Board a variance from the system-wide annual SO_2 emission rate in 2015 and 2016 and an extension of Waukegan Unit 8's unit specific retrofit requirements from December 31, 2014 until May 31, 2015. There is no assurance that these requests will be granted. For additional discussion of environmental regulatory developments, see "Item 1. Business —Environmental Matters and Regulations."

Midwest Generation voluntarily ceased coal-fired operations at the Crawford and Fisk Stations in August 2012, however, other units that are not retrofitted may continue to operate for as long as regulations and law allow. Final decisions to retrofit or shut down units will be made in light of the timing requirements under the CPS and other applicable environmental regulations, and the economic

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 10. Environmental Developments (EME, Midwest Generation) (Continued)

projections of those retrofits, on a unit-by-unit basis, at the time the decision is made. Based on work to date, the estimated costs of retrofitting the Midwest Generation plants are as follows:

Unit	Remaining Cost (in millions)	Unit	Remaining Cost (in millions)
Joliet 6	$ 75	Waukegan 7	$ 59
Joliet 7	111	Waukegan 8	64
Joliet 8	124	Will County 3	104
Powerton 5	127	Will County 4	90
Powerton 6	69		

Waukegan Unit 7 and Will County Unit 3 are subject to unique CPS requirement to convert hot-side electrostatic precipitator (ESP) equipment to cold-side ESP or fabric filtration equipment. For further discussion related to impairment policies on EME and Midwest Generation's unit of account, see "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Estimates and Policies —Impairment of Long-Lived Assets."

Midwest Generation is not expected to generate sufficient cash flows from operating activities, and will likely need to borrow funds, receive additional contributions from EME or find other sources of capital to fund the retrofits of its coal-fired plants. EME's ability to provide capital to Midwest Generation is subject to its own liquidity constraints and oversight by EME's creditors.

Greenhouse Gas Regulation

There have been a number of federal and state legislative and regulatory initiatives to reduce greenhouse gas (GHG) emissions. Any climate change regulation or other legal obligation that would require substantial reductions in GHG emissions or that would impose additional costs or charges for the GHG emissions could significantly increase the cost of generating electricity from fossil fuels, and especially from coal-fired plants, which could adversely affect EME's and Midwest Generation's businesses.

Significant developments include the following:

- In March 2012, the US EPA announced proposed carbon dioxide (CO2) emissions limits for new power plants. No greenhouse gas emissions guidelines for existing plants have been announced.

- In June 2012, the United States Court of Appeals for the District of Columbia Circuit dismissed the challenge by industry groups and some states to the Prevention of Significant Deterioration and Title V Greenhouse Gas Tailoring Rule (GHG Tailoring Rule). In December 2012, petitions for rehearing by the full District of Columbia Circuit filed by states and industry groups were denied. In July 2012, the US EPA published a final rule maintaining the CO_2 equivalent emissions thresholds (for purposes of PSD and Title V permitting) originally established in the GHG Tailoring Rule. The current program, which applies to only new or newly modified sources, is not expected to have an immediate effect on EME's existing generating plants, including Midwest Generation. However, regulation of GHG emissions pursuant to this program could affect efforts to modify EME's and Midwest Generation's facilities in the future, and could

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MIDWEST GENERATION, LLC AND SUBSIDIARIES

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 10. Environmental Developments (EME, Midwest Generation) (Continued)

subject new capital projects to additional permitting and emissions control requirements that could delay such projects.

Greenhouse Gas Litigation

In March 2012, the federal district court in Mississippi dismissed, in its entirety, the purported class action complaint filed by private citizens in May 2011, naming a large number of defendants, including EME and three of its wholly owned subsidiaries, for damages allegedly arising from Hurricane Katrina. Plaintiffs alleged that the defendants' activities resulted in emissions of substantial quantities of greenhouse gases that have contributed to climate change and sea level rise, which in turn are alleged to have increased the destructive force of Hurricane Katrina. The lawsuit alleged causes of action for negligence, public and private nuisance, and trespass, and seeks unspecified compensatory and punitive damages. The claims in this lawsuit were nearly identical to a subset of the claims that were raised against many of the same defendants in a previous lawsuit that was filed in, and dismissed by, the same federal district court where the current case has been filed. In March 2012, the court ruled that the claims in the second lawsuit were barred because they involved the same parties and the same claims as the original lawsuit. In April 2012, the plaintiffs filed an appeal with the United States Court of Appeals for the Fifth Circuit.

In September 2012, a three-judge panel of the United States Court of Appeals for the Ninth Circuit affirmed the dismissal of a case brought against EME's parent company, EIX, and other defendants, by the Alaskan Native Village of Kivalina. In November 2012, the plaintiffs' request for a rehearing by a larger panel of Ninth Circuit judges was denied.

Cross-State Air Pollution Rule

In August 2012, the United States Court of Appeals for the District of Columbia Circuit vacated the US EPA's Cross-State Air Pollution Rule (CSAPR) and directed the US EPA to continue administering the Clean Air Interstate Rule (CAIR) pending the promulgation of a valid replacement. A petition seeking to have this decision reviewed by the full District of Columbia Circuit was denied in January 2013.

Hazardous Air Pollutant Regulations

In December 2011, the US EPA announced the Mercury and Air Toxics Standards (MATS) rule, limiting emissions of hazardous air pollutants (HAPs) from coal- and oil-fired electrical generating units. The rule became effective on April 16, 2012 with a compliance deadline of April 16, 2015 for existing units. In November 2012, the US EPA issued proposed revisions to aspects of the regulation relating to new units. A number of parties have filed notices of appeal challenging the rule, although the only appeals that are currently moving forward relate to the standards applicable to existing units. EME and Midwest Generation do not expect that these standards will require material changes to the approach for compliance with state and federal environmental regulations already contemplated for CPS compliance.

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 10. Environmental Developments (EME, Midwest Generation) (Continued)

Water Quality

Regulations under the federal Clean Water Act govern critical operating parameters at generating facilities, such as the temperature of effluent discharges and the location, design, and construction of cooling water intake structures at generating facilities. In March 2011, the US EPA proposed standards under the federal Clean Water Act that would affect cooling water intake structures at generating facilities. The standards are intended to protect aquatic organisms by reducing capture in screens attached to cooling water intake structures (impingement) and in the water volume brought into the facilities (entrainment). The regulations are expected to be finalized by June 2013. The required measures to comply with the proposed standards regarding entrainment are subject to the discretion of the permitting authority, and EME is unable at this time to assess potential costs of compliance, which could be significant for the Midwest Generation plants.

Coal Combustion Wastes

US EPA regulations currently classify coal ash and other coal combustion residuals as solid wastes that are exempt from hazardous waste requirements. This classification enables beneficial uses of coal combustion residuals, such as for cement production and fill materials. Midwest Generation currently provides a portion of its coal combustion residuals for beneficial uses. In June 2010, the US EPA published proposed regulations relating to coal combustion residuals that could result in more stringent requirements for the management and disposal of such materials. Two different proposed approaches are under consideration.

The first approach, under which the US EPA would list these residuals as special wastes subject to regulation as hazardous wastes, could require EME and Midwest Generation to incur additional capital and operating costs. The second approach, under which the US EPA would regulate these residuals as nonhazardous wastes, would establish minimum technical standards for units that are used for the disposal of coal combustion residuals, but would allow procedural and enforcement mechanisms (such as permit requirements) to be exclusively a matter of state law. Many of the proposed technical standards are similar under both proposed options (for example, surface impoundments may need to be retrofitted, depending on which standard is finally adopted), but the second approach is not expected to require the retrofitting of landfills used for the disposal of coal combustion residuals.

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MIDWEST GENERATION, LLC AND SUBSIDIARIES

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 11. Accumulated Other Comprehensive Loss (EME, Midwest Generation)

EME

EME consolidated accumulated other comprehensive loss, including discontinued operations, consisted of the following:

(in millions)	Unrealized Gain (Losses) on Cash Flow Hedges	Unrecognized Losses and Prior Service Adjustments, Net(1)	Valuation Allowance on Deferred Tax Asset	Accumulated Other Comprehensive Loss
Balance at December 31, 2010	$ 16	$ (47)	$ —	$ (31)
Change for 2011	(50)	(13)	—	(63)
Balance at December 31, 2011	(34)	(60)	—	(94)
Change for 2012	(42)	4	(6)	(44)
Balance at December 31, 2012(2)	$ (76)	$ (56)	$ (6)	$ (138)

(1) For further detail, see Note 8—Compensation and Benefit Plans.

(2) EME and Midwest Generation both expect to reclassify unrealized losses on cash flow hedges into earnings in the next 12 months. For further explanation, please see discussion under Midwest Generation.

The after-tax amounts recorded in accumulated other comprehensive loss at December 31, 2012 and 2011 for commodity contracts was a loss of $1 million and a gain of $21 million, respectively, and for interest rate contracts was losses of $75 million and $55 million, respectively. The maximum period over which a commodity cash flow hedge is designated is through December 31, 2013.

Midwest Generation

Midwest Generation's accumulated other comprehensive loss consisted of the following:

(in millions)	Unrealized Gains (Losses) on Cash Flow Hedges, Net	Unrecognized Losses and Prior Service Adjustments, Net(1)	Valuation Allowance on Deferred Tax Asset	Accumulated Other Comprehensive Loss
Balance at December 31, 2010	$ 23	$ (26)	$ —	$ (3)
Change for 2011	(2)	(12)	—	(14)
Balance at December 31, 2011	21	(38)	—	(17)
Change for 2012	(22)	1	(12)	(33)
Balance at December 31, 2012	$ (1)	$ (37)	$ (12)	$ (50)

(1) For further detail, see Note 8—Compensation and Benefit Plans.

EDISON MISSION ENERGY AND SUBSIDIARIES

MIDWEST GENERATION, LLC AND SUBSIDIARIES

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 11. Accumulated Other Comprehensive Loss (EME, Midwest Generation) (Continued)

The after-tax amounts recorded in accumulated other comprehensive loss at December 31, 2012 and 2011 was a loss of $1 million and a gain of $21 million, respectively. The maximum period over which a commodity cash flow hedge is designated is December 31, 2013.

Unrealized Losses on Cash Flow Hedges

Unrealized losses on cash flow hedges, net of tax, at December 31, 2012, consisted of futures and forward electricity contracts that qualify for hedge accounting. These losses arise because current forecasts of future electricity prices are higher than the contract prices. Approximately $1 million of unrealized losses on cash flow hedges, net of tax, are expected to be reclassified into earnings during the next 12 months. Management expects that reclassification of net unrealized losses will decrease energy revenues recognized at market prices. Actual amounts ultimately reclassified into earnings over the next 12 months could vary materially from this estimated amount as a result of changes in market conditions. The maximum period over which a commodity cash flow hedge is designated is December 31, 2013.

EDISON MISSION ENERGY AND SUBSIDIARIES

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 12. Supplemental Cash Flows Information (EME, Midwest Generation)

EME

Supplemental cash flows information for EME, including discontinued operations, consisted of the following:

	Years Ended December 31,		
(in millions)	2012	2011	2010
Cash paid (received)			
Interest (net of amount capitalized)(1)	$ 168	$ 290	$ 239
Income taxes	59	(216)	(96)
Cash payments under plant operating leases	199	311	325
Details of assets acquired			
Fair value of assets acquired	$ —	$ 1	$ 1
Liabilities assumed	—	—	—
Net assets acquired	$ —	$ 1	$ 1
Non-cash activities from consolidation of VIEs			
Assets	$ —	$ —	$ 94
Liabilities	—	—	99
Non-cash activities from deconsolidation of VIEs			
Assets	$ —	$ —	$ 249
Liabilities	—	—	253
Non-cash distribution to EIX	222	—	—
Non-cash activities from vendor financing	11	21	190

(1) Interest paid by EME for December 31, 2012, 2011 and 2010 was $199 million, $317 million and $293 million, respectively. Interest capitalized by EME for December 31, 2012, 2011 and 2010 was $31 million, $27 million and $54 million, respectively.

EME's accrued capital expenditures at December 31, 2012, 2011 and 2010 were $31 million, $29 million and $58 million, respectively. Accrued capital expenditures will be included as an investing activity in the consolidated statements of cash flows in the period paid.

In connection with certain EME wind projects acquired during the past five years, the purchase price included payments that were due upon the completion of specific construction activities or the achievement of operational milestones. Accordingly, EME accrues for estimated payments when the obligation is probable. These incremental purchase price payments are capitalized.

EDISON MISSION ENERGY AND SUBSIDIARIES

MIDWEST GENERATION, LLC AND SUBSIDIARIES

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 12. Supplemental Cash Flows Information (EME, Midwest Generation) (Continued)

Midwest Generation

Supplemental cash flows information for Midwest Generation consisted of the following:

	Years Ended December 31,		
(in millions)	2012	2011	2010
Cash paid			
Interest	$ 36	$ 43	$ 51
Income taxes	—	8	136
Non-cash distribution to parent	106	—	—

Midwest Generation's accrued capital expenditures at December 31, 2012, 2011 and 2010 were $9 million, $4 million and $16 million, respectively. Accrued capital expenditures will be included as an investing activity in the consolidated statements of cash flows in the period paid.

Note 13. Asset Impairments and Other Charges (EME, Midwest Generation)

EME

Asset impairments and other charges for EME consisted of the following:

	Years Ended December 31,		
(in millions)	2012	2011	2010
Midwest Generation plants impairment(1)	$ —	$ 640	$ 40
Wind projects impairment and other charges	—	64	—
Ambit impairment	15	—	—
Other charges	13	10	4
EME asset impairments and other charges(2)	$ 28	$ 714	$ 44

(1) EME and Midwest Generation each recorded impairment charges on the Midwest Generation plants in 2011 and 2010. For an explanation of these charges, see the discussion below under Midwest Generation.

(2) The fair value of long-lived assets as determined using the discounted cash flow models discussed below qualify as Level 3 in the fair value hierarchy.

Ambit

The Ambit project has operated under constrained liquidity conditions for a number of years. In 2012, the avoided energy costs, which form the basis for the project's energy revenues under its power purchase agreement, declined significantly. As a result, Ambit did not make its scheduled land lease payments in 2013 due to the non-EME general partner of the project. In February 2013, the EME operations and maintenance subsidiary that currently operates the plant provided a 180-day notice of its intent to terminate its operations and maintenance contract. Ambit is working to implement a

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 13. Asset Impairments and Other Charges (EME, Midwest Generation) (Continued)

transition plan through which plant employees would become employees of Ambit or a third party operator.

These factors were considered indicators of potential impairment and in connection with the preparation of its year-end financial statements in the fourth quarter of 2012, EME reviewed the Ambit project for impairment. The results of the impairment analysis indicated that the probability weighted future undiscounted cash flows are not expected to be sufficient to recover the respective carrying value of the long-lived assets of $49 million. The asset group at the project consisted of property, plant and equipment and deferred revenue. The fair value of the asset group was determined to be $34 million, resulting in an impairment charge of $15 million. For additional information on the impairment policy of long-lived assets, see Note 1 —Summary of Significant Accounting Policies—Impairment of Long-Lived Assets.

Wind Projects

In connection with the preparation of its year-end financial statements in the fourth quarter of 2011, EME reviewed the Storm Lake wind project and four small wind projects in Minnesota for impairment, based on an expected future increase in operating costs and declines in long-term power prices that the projects could potentially realize following the term of the power purchase agreements. The probability weighted future undiscounted cash flows of each project were not expected to be sufficient to recover the respective carrying value of each of these long-lived assets ($53 million in aggregate). The income approach was utilized to determine fair value for these asset groups. The most significant assumptions used in determining fair value were discount rates, future wind generation, the future availability of the project to generate energy and future plant operations expense. The asset groups at each project consisted of property, plant and equipment and, where appropriate, deferred revenue. In aggregate, the fair value of these five asset groups was determined to be $23 million, resulting in an impairment charge of $30 million. For additional information on the impairment policy of long-lived assets, see Note 1—Summary of Significant Accounting Policies—Impairment of Long-Lived Assets.

During the fourth quarter of 2011, EME significantly reduced development of renewable energy projects to conserve cash and in light of more limited market opportunities. As a result, EME reduced staffing and undertook efforts to reduce funding joint development projects, thereby reducing the development pipeline of potential wind projects to a projected installed capacity of approximately 1,300 megawatts at the end of 2011. These changes triggered charges of $34 million.

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 13. Asset Impairments and Other Charges (EME, Midwest Generation) (Continued)

Midwest Generation

Asset impairments and other charges for Midwest Generation consisted of the following:

	Years Ended December 31,		
(in millions)	2012	2011	2010
Midwest Generation plants impairment	$ —	$ 640	$ 40
Other charges	14	13	8
Midwest Generation asset impairments and other charges(1)	$ 14	$ 653	$ 48

(1) The fair value of long-lived assets as determined using the discounted cash flow models discussed below qualify as Level 3 in the fair value hierarchy.

In connection with the preparation of its year-end financial statements in the fourth quarter of 2011, Midwest Generation concluded, based on the current energy price environment, it was less likely that Midwest Generation would install environmental controls required by the CPS at its Fisk, Crawford and Waukegan Stations; and such assessment was an indicator that these stations were impaired. The long-lived asset groups that were subject to the impairment evaluation were determined to include the property, plant and equipment of each station. Management updated the probability weighted future undiscounted cash flows expected to be received at these stations and concluded that such amounts did not recover the respective station's carrying amounts. As part of these alternative cash flow scenarios, management considered a shortened estimated useful life of each station if environmental improvements were not made and a forecasted reduction in generation from lower forward power prices.

To measure the amount of the impairment loss, the income approach was considered the most relevant, but market data obtained prior to the significant decline in power prices was used to corroborate the income approach. The discounted cash flow analysis assumptions that have the most significant impact on fair value are forecasted energy and capacity prices. The discounted cash flow analysis indicated a fair value of zero. Midwest Generation also concluded it was unlikely that a third party would consummate the purchase of the Fisk, Crawford or Waukegan Stations in the current economic and regulatory environment resulting in a determination that the fair value of each of these stations was zero. This resulted in impairment charges of $115 million, $186 million and $339 million for the Fisk, Crawford and Waukegan Stations, respectively. Environmental and other remediation or ongoing maintenance costs are expected to be offset by the salvage value of the asset groups. Midwest Generation voluntarily ceased coal-fired operations at the Fisk and Crawford Stations in August 2012. For additional information on the impairment policy of long-lived assets, see Note 1—Summary of Significant Accounting Policies—Impairment of Long-Lived Assets.

In 2010, Midwest Generation recorded a $40 million write-off of capitalized engineering and other costs related to a change in air emissions control technology selection at the Powerton Station.

EDISON MISSION ENERGY AND SUBSIDIARIES

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 14. Discontinued Operations (EME only)

On September 21, 2012, Homer City and Homer City Generation, L.P., an affiliate of GECC, entered into the Homer City Master Transaction Agreement (MTA) for the divestiture by Homer City of substantially all of its remaining assets and certain specified liabilities. On October 3, 2012, GECC entered into a Plan Support Agreement (the PSA) with the holders of approximately 76% of the outstanding principal amount of the secured lease obligation bonds issued by Homer City Funding, LLC as part of the original sale leaseback transaction. Under the PSA, the parties committed to support and implement a reorganization plan of Homer City Funding, LLC and to solicit votes on a prepackaged plan of reorganization under Chapter 11 of the Bankruptcy Code. On October 5, 2012, GECC commenced the solicitation. In addition, Homer City received a forbearance of the $47 million senior rent payment that had been due October 1, 2012 and was granted a waiver of the $65 million equity rent payment that had been due April 1, 2012.

On December 14, 2012, the transaction closed and Homer City Generation, L.P. assumed control of Homer City. As part of the closing, Homer City Generation, L.P. agreed to waive Homer City's contractual obligation to Homer City Generation L.P. to establish and fund voluntary employee beneficiary association trusts as originally required under the MTA.

EME recorded an impairment charge of $1,032 million ($623 million after tax) related to Homer City's long-lived assets during the fourth quarter of 2011. Beginning in the third quarter of 2012, Homer City met the definition of a discontinued operation and was classified separately in EME's consolidated financial statements. EME recorded a $113 million charge ($68 million after tax) to write down assets held for sale to net realizable value during the third quarter of 2012. The charge was reduced to $89 million ($53 million after tax) when the transaction closed to reflect the ultimate carrying value of assets and liabilities transferred to Homer City Generation, L.P.

Summarized results of discontinued operations for EME are:

	Year Ended December 31,		
(in millions)	2012	2011	2010
Total operating revenues	$ 395	$ 527	$ 636
Total operating expenses	(496)	(538)	(522)
Asset impairment and other charges	(89)	(1,032)	(1)
Other income (expense)	5	—	13
Income (loss) before income taxes	(185)	(1,043)	126
Provision (benefit) for income taxes	(73)	(411)	44
Income (loss) from operations of discontinued operations	$ (112)	$ (632)	$ 82

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 14. Discontinued Operations (EME only) (Continued)

The assets and liabilities associated with the discontinued operations are segregated on the consolidated balance sheets as follows:

	December 31,	
(in millions)	2012	2011
Cash and cash equivalents	$ 2	$ 79
Other current assets	7	128
Carrying value adjustment	(9)	—
Total current assets	—	207
Other long-term assets	—	45
Assets of discontinued operations	—	252
Total current liabilities	—	27
Other long-term liabilities	—	9
Liabilities of discontinued operations	$ —	$ 36

Note 15. Related Party Transactions (EME, Midwest Generation)

EME and Midwest Generation participate in the insurance program of EIX, including property, general liability, workers compensation and various other specialty policies. EME's and Midwest Generation's insurance premiums are generally based on EME's and Midwest Generation's share of risk related to each policy. In connection with the property insurance program, a portion of the risk is reinsured by a captive insurance subsidiary of EIX.

EME

Specified administrative services such as payroll, employee benefit programs, insurance, and information technology are shared among all affiliates of EIX, and the costs of these corporate support services are allocated to all affiliates, including EME. Costs are allocated based on one of the following formulas: percentage of time worked, equity in investment and advances, number of employees, or multi-factor (operating revenues, operating expenses, total assets and number of employees). In addition, EME is billed for any services directly requested for its benefit. Labor and expenses of these directly requested services are specifically identified and billed at cost, subject to a reasonable markup. EME believes the allocation methodologies utilized are reasonable. EME made reimbursements for the cost of these programs and other services totaling $60 million, $60 million and $52 million in 2012, 2011 and 2010, respectively. The amount due to (from) EIX was $(1) million and $13 million at December 31, 2012 and 2011, respectively. On February 5, 2013, the Bankruptcy Court entered an order approving the Debtor Entities' continued performance under various agreements and arrangements that govern these shared services.

Edison Mission Operation & Maintenance, Inc., a direct, wholly owned affiliate of EME, has entered into operation and maintenance agreements with partnerships in which EME has a 50% or less ownership interest. Pursuant to the negotiated agreements, Edison Mission Operation & Maintenance is to perform all operation and maintenance activities necessary for the production of power by these

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 15. Related Party Transactions (EME, Midwest Generation) (Continued)

partnerships' facilities. The agreements continue until terminated by either party. Edison Mission Operation & Maintenance is paid for all costs incurred with operating and maintaining such facilities and may also earn incentive compensation as set forth in the agreements. EME also has investments in wind projects that are accounted for under the equity method for which Edison Mission Operation & Maintenance has entered into operation and maintenance agreements with these wind projects. EME recorded revenues under the operation and maintenance agreements of $24 million for 2012, $23 million for 2011 and $23 million for 2010, reflected in operating revenues on EME's consolidated statements of operations. Receivables from affiliates for Edison Mission Operation & Maintenance totaled $4 million and $3 million at December 31, 2012 and 2011, respectively.

EME owns interests in partnerships that sell electricity generated by their project facilities to Southern California Edison Company (SCE) and others under the terms of power purchase agreements. Sales by these partnerships to SCE under these agreements amounted to $233 million, $277 million and $367 million in 2012, 2011 and 2010, respectively. In addition,through a competitive bidding process, EME's Walnut Creek project was awarded a 10-year power sales contract by SCE, starting in 2013 for the output of its 479 MW gas-fired peaking facility. For further information on Walnut Creek related party transactions, see Note 5—Debt and Credit Agreements—Credit Facilities and Letters of Credit.

Midwest Generation

EMMT Agreement

Midwest Generation has entered into a master purchase, sale and services agreement with EMMT, pursuant to which EMMT arranges for purchases and sales of the following products, including related services: (i) energy and capacity; (ii) natural gas; (iii) fuel oil; and (iv) emission allowances. Midwest Generation compensates EMMT with respect to these transactions, and reimburses EMMT for brokers' fees, taxes, and other reasonably incurred direct out-of-pocket expenses. Payment for these services is due within 30 days of billing. The net fees earned by EMMT were $1 million, $1 million and $1 million for the years ended December 31, 2012, 2011 and 2010, respectively. The amount due from EMMT was $39 million and $98 million at December 31, 2012 and 2011, respectively.

Notes Receivable from EME

Proceeds of $1.367 billion were received by Midwest Generation from the Powerton and Joliet Sale Leaseback and were loaned to EME through four intercompany notes. EME is obligated to repay the principal on the notes in a series of installments on the dates and in the amounts set forth on a schedule to each note. EME is required to pay interest on the notes on each January 2 and July 2 at an 8.30% fixed interest rate. The notes are due to be repaid in full by January 2, 2016. As a result of the Chapter 11 Cases, EME did not make the scheduled principal and interest payment of $61 million due on January 2, 2013. Midwest Generation determined that it was probable a loss would be realized in connection with this intercompany loan. Midwest Generation is unable to determine whether any future payments will be made under this intercompany loan agreement. As a result, Midwest Generation recorded a $1.4 billion charge, equal to the full carrying amount of the loan and accrued

EDISON MISSION ENERGY AND SUBSIDIARIES

MIDWEST GENERATION, LLC AND SUBSIDIARIES

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 15. Related Party Transactions (EME, Midwest Generation) (Continued)

interest, during the fourth quarter of 2012. The impact to Midwest Generation's balance sheet was as follows:

	December 31, 2012			December 31, 2011
(in millions)	Carrying Value	Valuation Allowance	Net	Carrying Value
Due from affiliates	$ 12	$ (12)	$ —	$ 11
Interest receivable from affiliate	55	(55)	—	55
Notes receivable from affiliate	1,311	(1,311)	—	1,323
Total	$ 1,378	$ (1,378)	$ —	$ 1,389

Future payments, if any, made by EME under the loan will be dependent upon the overall resolution of the Chapter 11 Cases, and will be recorded by Midwest Generation as an adjustment to the valuation allowance. Midwest Generation earned interest income of $110 million, $111 million and $112 million for the years ended December 31, 2012, 2011 and 2010, respectivelyMidwest Generation has ceased accruing interest income beginning in 2013.

Fair Value

The fair value of the note receivable from EME was zero at December 31, 2012. At December 31, 2011, it is not practicableto estimate the fair value of this financial instrument due to the indemnities and guarantees provided by EME pursuant to the Powerton and Joliet Sale Leaseback.

Services Agreements with EME and EIX

Specified administrative services such as payroll, employee benefit programs, insurance, and information technology are shared among all affiliates of EIX, and the costs of these corporate support services are allocated to all affiliates, including Midwest Generation. Costs are allocated based on one of the following formulas: percentage of the time worked, equity in investment and advances, number of employees, or multi-factor (operating revenues, operating expenses, total assets and number of employees). In addition, Midwest Generation is billed for services directly requested for its benefit. Labor and expenses of these directly requested services are specifically identified and billed at cost, subject to a reasonable markup. Midwest Generation believes the allocation methodologies utilized are reasonable. Midwest Generation made reimbursements for the cost of these programs and other services totaling $27 million, $30 million and $18 million for the years ended December 31, 2012, 2011 and 2010, respectively. The amount due to EIX and EME was $1 million and $4 million at December 31, 2012 and 2011, respectively, related to these agreements. On February 5, 2013, the Bankruptcy Court entered an order approving the Debtor Entities' continued performance under various agreements and arrangements that govern these shared services.

Management and Support Agreements with Midwest Generation EME, LLC

Midwest Generation has entered into agreements with Midwest Generation EME for management and administrative services and support services, including construction and construction management,

EDISON MISSION ENERGY AND SUBSIDIARIES

MIDWEST GENERATION, LLC AND SUBSIDIARIES

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 15. Related Party Transactions (EME, Midwest Generation) (Continued)

operations and maintenance management, technical services and training, environmental, health and safety services, administrative and IT support, and other managerial and technical services needed to operate and maintain electric power facilities. Under the terms of the agreements, Midwest Generation reimburses Midwest Generation EME for actual costs incurred by functional area in providing support services, or in the case of specific tasks requested by Midwest Generation, the amount negotiated for the task. Actual costs billable under these agreements for the years ended December 31, 2012, 2011 and 2010 were $23 million, $24 million and $26 million, respectively. The amount due to Midwest Generation EME was $2 million and $1 million at December 31, 2012 and 2011, respectively, related to these agreements.

Note 16. Restructuring Activities (EME, Midwest Generation)

As described in the Support Agreement, EME may seek authority to enter into a settlement transaction with EIX within 150 days of the commencement of the Chapter 11 Cases. Under the Settlement Transaction, among other things:

- Certain claims between EME, EIX, and the Noteholders who have signed the Support Agreement would be released prior to the effective date of a plan of reorganization, subject to the parties continuing performance of their obligations under the Support Agreement;
- The application of the Edison Mission Group and Mission Energy Holding Company tax-allocation agreements to EME would be extended through the earlier of the effective date of a plan of reorganization with respect to EME or December 31, 2014;
- EIX would cease to own EME when EME emerges from bankruptcy pursuant to a plan of reorganization; and
- Upon effectiveness of a plan of reorganization with respect to EME, EIX would assume approximately $200 million of EME's employee retirement related liabilities.

Under the Support Agreement, among other things:

- EME will pay the reasonable and documented fees and expenses of the professional advisors to the Noteholders in connection with the Settlement Transaction;
- EME will consult with the professional advisors to the Noteholders regarding material decisions during the pendency of its Chapter 11 Cases; and
- EME agrees to seek the reasonable consent of the Noteholders to make material capital expenditures or payments with respect to the Powerton Station and Units 7 and 8 of Joliet Station, which are facilities subject to the Powerton and Joliet Sale Leaseback.

Prior to the consummation of the Settlement Transaction and the releases contained therein, EME may terminate the Support Agreement and consider any alternative transaction. If the Settlement Transaction and release described above is not approved by July 15, 2013, the Support Agreement is subject to termination.

EDISON MISSION ENERGY AND SUBSIDIARIES

MIDWEST GENERATION, LLC AND SUBSIDIARIES

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 16. Restructuring Activities (EME, Midwest Generation) (Continued)

LSTC

EME's LSTC are summarized below:

(in millions)	December 31, 2012
Senior notes, net	$ 3,700
Accounts payable	32
Interest payable	154
Other	73
Total liabilities subject to compromise	$ 3,959

Midwest Generation's LSTC are summarized below:

(in millions)	December 31, 2012
Accounts payable	$ 29
Interest payable	13
Lease financing	434
Other	53
Total liabilities subject to compromise	$ 529

As of the date of this filing, EME and Midwest Generation have received 28 and 13 proofs of claim, respectively. New and amended claims may be filed in the future, including claims amended to assign value to claims originally filed with no value. EME and Midwest Generation are in the process of reconciling such claims to the amounts listed in LSTC. Differences in liability amounts estimated and claims filed by credits will be investigated and resolved, including through the filing of objections with the Bankruptcy Court as appropriate. Through this process, EME and Midwest Generation may identify additional liabilities that need to be recorded as LSTC and the Bankruptcy Court may determine liabilities currently estimated as part of LSTC are without merit. The claims resolution process may take considerable time to complete. The resolution of such claims could result in material adjustments to EME or Midwest Generation's financial statements. Determination of how liabilities will ultimately be treated cannot be made until the Bankruptcy Court approves a plan of reorganization. Accordingly, the ultimate amount or treatment of such liabilities is not determinable at this time.

Reorganization Items

Reorganization items represent the direct and incremental costs of bankruptcy, such as professional fees, LSTC claim adjustments and losses related to terminated contracts that are probable and can be estimated. Write off of unamortized deferred financing costs and debt discounts relate to EME's unsecured pre-petition debt, which has been reclassified to LSTC on the consolidated balance sheet following the Chapter 11 filing on December 17, 2012. Professional fees primarily relate to legal and consultants working directly on the bankruptcy filing.

EDISON MISSION ENERGY AND SUBSIDIARIES

MIDWEST GENERATION, LLC AND SUBSIDIARIES

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 16. Restructuring Activities (EME, Midwest Generation) (Continued)

EME's significant items in reorganization charges for December 17 through December 31, 2012 are summarized below:

(in millions)	December 31, 2012
Provision for allowable claims	$ 6
Write off of unamortized deferred financing costs and debt discounts	15
Professional fees	22
Total reorganization items	$ 43

Midwest Generation's $6 million of reorganization charges for December 17 through December 31, 2012 relate to a provision for allowable claims.

Interest expense

Subsequent to the filing of the Chapter 11 Cases, EME classified both its $3.7 billion unsecured senior notes and $154 million of accrued interest related to the unsecured senior notes as LSTC and ceased accruing interest expense. The accrued interest reclassified to LSTC primarily relates to $97 million and $38 million of interest payments that were due on November 15 and December 17, 2012, respectively, that EME did not make. Unpaid contractual interest for the period subsequent to the filing of the Chapter 11 Cases was $11 million.

Subsequent to the filing of the Chapter 11 Cases, Midwest Generation classified $13 million of accrued interest due on the Powerton and Joliet Sale Leaseback as LSTC but did not cease accruing interest expense. For further discussion of lease payments associated with the Powerton and Joliet Sale Leaseback, see Note 1—Summary of Significant Accounting Policies—Chapter 11 Cases.

Shutdown of Fisk and Crawford

Midwest Generation voluntarily ceased coal-fired operations at the Fisk and Crawford Stations in August 2012. Midwest Generation decommissioned and retired the units during the fourth quarter of 2012. During the second quarter of 2012, EME recorded a charge of $9 million (pre-tax) related to severance and other employee benefits due to the approximately 200 employees affected by the planned shutdowns; and Midwest Generation recorded a charge of $6 million (pre-tax) related to severance and other employee benefits due to the approximately 175 employees affected by the planned shutdowns. These charges were included in administrative and general expense on each of EME's and Midwest Generation's consolidated statements of operations.

In connection with the shutdown of these stations, EME expects a tax deduction equal to its tax basis in the facilities, although realization of these tax benefits may not occur for several years. At December 31, 2012, EME's tax basis of Midwest Generation's Fisk and Crawford Stations was $53 million and $73 million, respectively.

EDISON MISSION ENERGY AND SUBSIDIARIES

MIDWEST GENERATION, LLC AND SUBSIDIARIES

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 17. Condensed Combined Debtors' Financial Information (EME only)

The financial statements below represent the condensed combined financial statement of the Debtor Entities. Non-debtor EME subsidiaries are accounted for as non-consolidated subsidiaries in these financial statements, as such, their net loss is included as "Equity in loss of non-debtor entities, net of tax" in the Debtors' Statement of Operations and its net assets are included as "Investment in non-debtor entities" in the Debtors' Statement of Financial Position.

Intercompany transactions among the Debtor Entities have been eliminated in the condensed combined financial statements of the Debtor Entities contained here.

Debtors' Condensed Combined Statement of Operations
For the year ended December 31, 2012

(in millions)	
Operating revenues	$ 901
Operating expenses	(1,262)
Other expense	(226)
Reorganization items	(43)
Provision for income taxes	(153)
Net loss attributable to debtor entities	(783)
Equity in loss of non-debtor entities, net of tax	(142)
Net loss attributable to Debtors	$ (925)

Debtors' Condensed Combined Statement of Comprehensive Loss
For the year ended December 31, 2012

(in millions)	
Net Loss	$ (925)
Other comprehensive loss, net of tax	(44)
Comprehensive Loss	$ (969)

EDISON MISSION ENERGY AND SUBSIDIARIES

MIDWEST GENERATION, LLC AND SUBSIDIARIES

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 17. Condensed Combined Debtors' Financial Information (EME only) (Continued)

Debtors' Condensed Combined Statement of Financial Position
As of December 31, 2012

(in millions)	
Total current assets	$ 633
Investments in unconsolidated affiliates	152
Property, plant and equipment, less accumulated depreciation of $845	1,428
Investment in non-debtor entities	1,983
Total other assets	976
Total assets	$ 5,172
Total current liabilities	$ 93
Liabilities subject to compromise	3,959
Deferred taxes	131
Other long-term liabilities	257
Total liabilities	$ 4,440
Total equity	732
Total liabilities and equity	$ 5,172

Debtors' Condensed Combined Statement of Cash Flows
For the Year Ended December 31, 2012

(in millions)	
Net cash (used in) provided by	
Operating activities	$ (596)
Financing activities	173
Investing activities	(109)
Net decrease in cash and cash equivalents	(532)
Cash and cash equivalents at beginning of period	955
Cash and cash equivalents at end of period	$ 423
Cash paid for reorganization items	$ 20

EDISON MISSION ENERGY AND SUBSIDIARIES

MIDWEST GENERATION, LLC AND SUBSIDIARIES

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 18. Quarterly Financial Data (unaudited) (EME, Midwest Generation)

The following table summarizes the unaudited quarterly statements of operations for EME. Amounts have been restated to reflect discontinued operations in all periods presented.

(in millions)	First	Second	Third	Fourth
2012				
Operating revenues	$ 343	$ 324	$ 340	$ 280
Operating loss	(48)	(100)	(78)	(102)
Loss from continuing operations	(58)	(75)	(86)	(578)
Income (loss) from operations of discontinued subsidiaries, net of tax	(24)	(29)	(76)	17
Net loss	(82)	(104)	(162)	(561)
2011				
Operating revenues	$ 435	$ 400	$ 437	$ 381
Operating income (loss)	33	(44)	30	(717)
Income (loss) from continuing operations	(8)	(26)	18	(431)
Income (loss) from operations of discontinued subsidiaries, net of tax	(12)	(6)	15	(629)
Net income (loss)	(20)	(32)	33	(1,060)(1)

(1) Reflects $704 million pre-tax ($424 million after tax) of asset impairment charges. For more information, see Note 13—Asset Impairments and Other Charges. In addition, the amount reflects a $1,032 million pre-tax ($623 million after tax) impairment charge related to Homer City. For more information, see Note 14—Discontinued Operations.

The following table summarizes the unaudited quarterly statements of operations for Midwest Generation.

(in millions)	First	Second	Third	Fourth
2012				
Operating revenues	$ 233	$ 213	$ 253	$ 193
Operating loss	(33)	(88)	(39)	(1,437)(1)
Benefit for income taxes	(5)	(27)	(7)	(23)
Net loss	(9)	(42)	(12)	(1,401)
2011				
Operating revenues	$ 351	$ 280	$ 366	$ 289
Operating income (loss)	62	(47)	76	(607)
Provision (benefit) for income taxes	32	(11)	38	(231)
Net income (loss)	48	(18)	57	(357)(2)

(1) Reflects a $1.4 billion pre-tax charge for a valuation allowance recorded by Midwest Generation on its note receivable from EME. For more information, see Note 15—Related Party Transactions.

(2) Reflects a $640 million pre-tax ($386 million, after tax) impairment charge. For more information, see Note 13—Asset Impairments and Other Charges.

EDISON MISSION ENERGY AND SUBSIDIARIES

(Debtor-in-Possession)

CONSOLIDATED STATEMENTS OF OPERATIONS

(in millions, unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	2012	2013	2012
Operating Revenues	$ 385	$ 340	$ 1,007	$ 1,007
Operating Expenses				
Fuel	151	187	433	458
Plant operations	89	105	296	389
Plant operating leases	19	19	56	56
Depreciation and amortization	71	66	209	202
Asset impairments and other charges	462	1	462	5
Administrative and general	24	33	92	114
Total operating expenses	816	411	1,548	1,224
Operating loss	(431)	(71)	(541)	(217)
Other Income (Expense)				
Equity in income from unconsolidated affiliates	31	25	43	42
Dividend income	6	1	6	12
Interest expense, net	(26)	(82)	(64)	(252)
Loss on early extinguishment of debt	(3)	—	(3)	—
Other income, net	3	1	3	1
Total other income (expense)	11	(55)	(15)	(197)
Loss from continuing operations before reorganization items and income taxes	(420)	(126)	(556)	(414)
Reorganization items, net	24	7	99	9
Provision (benefit) for income taxes	3	(47)	(25)	(204)
Loss From Continuing Operations	(447)	(86)	(630)	(219)
Income (Loss) from Operations of Discontinued Subsidiaries, net of tax (Note 14)	(1)	(76)	16	(129)
Net Loss	(448)	(162)	(614)	(348)
Net Income Attributable to Noncontrolling Interests (Note 3)	(7)	(5)	(21)	(12)
Net Loss Attributable to Edison Mission Energy Common Shareholder	$ (455)	$ (167)	$ (635)	$ (360)
Amounts Attributable to Edison Mission Energy Common Shareholder				
Loss from continuing operations, net of tax	$ (454)	$ (91)	$ (651)	$ (231)
Income (loss) from discontinued operations, net of tax	(1)	(76)	16	(129)
Net Loss Attributable to Edison Mission Energy Common Shareholder	$ (455)	$ (167)	$ (635)	$ (360)

The accompanying notes are an integral part of these consolidated financial statements.

EDISON MISSION ENERGY AND SUBSIDIARIES

(Debtor-in-Possession)

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(in millions, unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	2012	2013	2012
Net Loss	$ (448)	$ (162)	$ (614)	$ (348)
Other comprehensive income (loss), net of tax				
Pension and postretirement benefits other than pensions:				
Unamortized prior service cost on terminated plan, net of tax	—	—	(2)	—
Net gain adjustment, net of tax	—	—	—	1
Amortization of net loss and prior service adjustment included in expense, net of tax	1	2	3	3
Unrealized gains (losses) on derivatives qualified as cash flow hedges				
Unrealized holding gains (losses) arising during the period, net of income tax expense (benefit) of $(1) and $(11) for the three months and $13 and $(13) for the nine months ended September 30, 2013 and 2012, respectively	(4)	(16)	23	(19)
Reclassification adjustments included in net loss, net of income tax expense (benefit) of $(1) and $(1) for the three months and $(2) and $12 for the nine months ended September 30, 2013 and 2012, respectively	3	1	5	(19)
Other comprehensive income (loss), net of tax	—	(13)	29	(34)
Comprehensive Loss	(448)	(175)	(585)	(382)
Comprehensive Income Attributable to Noncontrolling Interests	(7)	(5)	(21)	(12)
Comprehensive Loss Attributable to Edison Mission Energy Common Shareholder	$ (455)	$ (180)	$ (606)	$ (394)

The accompanying notes are an integral part of these consolidated financial statements.

EDISON MISSION ENERGY AND SUBSIDIARIES

(Debtor-in-Possession)

CONSOLIDATED BALANCE SHEETS

(in millions, unaudited)

	September 30, 2013	December 31, 2012
Assets		
Current Assets		
Cash and cash equivalents	$ 1,138	$ 888
Accounts receivable—trade	81	73
Receivables from affiliates	6	8
Inventory	121	175
Derivative assets	35	53
Restricted cash and cash equivalents	15	11
Margin and collateral deposits	85	61
Prepaid expenses and other	44	54
Total current assets	1,525	1,323
Investments in Unconsolidated Affiliates	543	534
Property, Plant and Equipment, less accumulated depreciation of $1,275 and $1,431 at respective dates	3,934	4,516
Other Assets		
Deferred financing costs	35	44
Long-term derivative assets	21	37
Restricted deposits	103	102
Rent payments in excess of levelized rent expense under plant operating leases	799	836
Other long-term assets	94	128
Total other assets	1,052	1,147
Total Assets	$ 7,054	$ 7,520

The accompanying notes are an integral part of these consolidated financial statements.

EDISON MISSION ENERGY AND SUBSIDIARIES

(Debtor-in-Possession)

CONSOLIDATED BALANCE SHEETS

(in millions, except share and per share amounts, unaudited)

	September 30, 2013	December 31, 2012
Liabilities and Shareholder's Equity		
Current Liabilities		
Accounts payable	$ 26	$ 29
Payables to affiliates	32	34
Accrued liabilities and other	83	67
Interest payable	7	1
Current portion of long-term debt	90	307
Short-term debt	—	382
Total current liabilities	238	820
Liabilities subject to compromise	3,979	3,959
Long-term debt net of current portion	1,433	749
Deferred taxes and tax credits, net (Note 7)	53	81
Deferred revenues	513	533
Long-term derivative liabilities	69	118
Other long-term liabilities	510	528
Total Liabilities	6,795	6,788
Commitments and Contingencies (Notes 5, 6, 9 and 10)		
Equity		
Common stock, par value $0.01 per share (10,000 shares authorized; 100 shares issued and outstanding at each date)	64	64
Additional paid-in capital	1,137	1,095
Retained deficit	(1,225)	(577)
Accumulated other comprehensive loss	(109)	(138)
Total Edison Mission Energy common shareholder's equity	(133)	444
Noncontrolling Interests	392	288
Total Equity	259	732
Total Liabilities and Equity	$ 7,054	$ 7,520

The accompanying notes are an integral part of these consolidated financial statements.

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EDISON MISSION ENERGY AND SUBSIDIARIES

(Debtor-in-Possession)

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in millions, unaudited)

	Nine Months Ended September 30,	
	2013	**2012**
Cash Flows From Operating Activities		
Net loss	$ (614)	$ (348)
Adjustments to reconcile loss to net cash provided by (used in) operating activities:		
Non-cash reorganization items, net	45	—
Equity in income from unconsolidated affiliates	(43)	(42)
Distributions from unconsolidated affiliates	26	15
Mark to market on interest rate swaps	(6)	—
Depreciation and amortization	225	219
Deferred taxes and tax credits	(13)	(215)
Asset impairments and other charges	462	5
Loss on early extinguishment of debt	3	—
Proceeds from US Treasury Grants	—	44
Changes in operating assets and liabilities:		
Increase in margin and collateral deposits	(24)	(38)
Increase in receivables	(6)	(38)
Decrease (increase) in inventory	54	(2)
Decrease (increase) in prepaid expenses and other	5	(16)
Increase in restricted cash and cash equivalents	(5)	(2)
Decrease (increase) in rent payments in excess of levelized rent expense	37	(95)
Increase in payables, other current liabilities and liabilities subject to compromise	30	35
Decrease (increase) in derivative assets and liabilities, net	35	(9)
Decrease (increase) in other operating—assets	2	(3)
Decrease in other operating—liabilities	(42)	(45)
Operating cash flows from continuing operations	171	(535)
Operating cash flows from discontinued operations, net	(2)	(5)
Net cash provided by (used in) operating activities	169	(540)
Cash Flows From Financing Activities		
Cash contributions from noncontrolling interests	94	242
Borrowings under short-term debt	—	21
Borrowings under long-term debt	171	154
Payments on debt	(92)	(31)
Cash contribution from EIX related to the tax-allocation agreements	6	—
Cash dividends to noncontrolling interests	(11)	(14)
Payments to affiliates related to stock-based awards	(13)	(14)
Excess tax benefits related to stock-based exercises	2	3
Financing costs	(6)	(7)
Net cash provided by financing activities from continuing operations	151	354
Cash Flows From Investing Activities		
Capital expenditures	(91)	(266)
Proceeds from sale of assets	4	1
Proceeds from return of capital and loan repayments from unconsolidated affiliates	11	7
Proceeds from settlement of insurance claims	2	1
Cash settlement with turbine manufacturer	5	—
Investments in and loans to unconsolidated affiliates	(3)	—
Increase in restricted deposits and restricted cash and cash equivalents	—	(76)
Investments in other assets	—	(9)
Investing cash flows from continuing operations	(72)	(342)
Investing cash flows from discontinued operations, net	—	(19)
Net cash used in investing activities	(72)	(361)
Net increase (decrease) in cash and cash equivalents from continuing operations	250	(523)
Cash and cash equivalents at beginning of period from continuing operations	888	1,221
Cash and cash equivalents at end of period from continuing operations	1,138	698
Net decrease in cash and cash equivalents from discontinued operations	(2)	(24)
Cash and cash equivalents at beginning of period from discontinued operations	2	79
Cash and cash equivalents at end of period from discontinued operations	$ —	$ 55

The accompanying notes are an integral part of these consolidated financial statements.

MIDWEST GENERATION, LLC AND SUBSIDIARIES

(Debtor-in-Possession)

CONSOLIDATED STATEMENTS OF OPERATIONS

(in millions, unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	2012	2013	2012
Operating Revenues from Marketing Affiliate	$ 232	$ 253	$ 614	$ 699
Operating Expenses				
Fuel	146	183	413	443
Plant operations	49	73	190	302
Depreciation and amortization	32	32	95	96
Asset impairments and other charges	465	1	465	5
Administrative and general	3	3	14	13
Total operating expenses	695	292	1,177	859
Operating loss	(463)	(39)	(563)	(160)
Other Income (Expense)				
Interest and other income	—	28	—	83
Interest expense	(4)	(8)	(17)	(25)
Total other income (expense)	(4)	20	(17)	58
Loss before reorganization items and income taxes	(467)	(19)	(580)	(102)
Reorganization items, net	5	—	39	—
Benefit for income taxes	(1)	(7)	—	(39)
Net Loss	$ (471)	$ (12)	$ (619)	$ (63)

The accompanying notes are an integral part of these consolidated financial statements.

MIDWEST GENERATION, LLC AND SUBSIDIARIES

(Debtor-in-Possession)

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(in millions, unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	2012	2013	2012
Net Loss	$ (471)	$ (12)	$ (619)	$ (63)
Other comprehensive income (loss), net of tax				
Valuation allowance on deferred tax asset	—	(11)	—	(11)
Pension and postretirement benefits other than pensions				
Amortization of net loss and prior service adjustment included in expense, net of tax	1	1	2	2
Unrealized gains (losses) on derivatives qualified as cash flow hedges				
Unrealized holding gains (losses) arising during the period, net of income tax expense (benefit) of $0 and $(5) for the three months and $(1) and $3 for the nine months ended September 30, 2013 and 2012, respectively	1	(10)	(1)	2
Reclassification adjustments included in net loss, net of income tax expense (benefit) of $(2) and $1 for the three months and $(2) and $13 for the nine months ended September 30, 2013 and 2012, respectively	1	—	2	(19)
Other comprehensive income (loss), net of tax	3	(20)	3	(26)
Comprehensive Loss	$ (468)	$ (32)	$ (616)	$ (89)

The accompanying notes are an integral part of these consolidated financial statements.

MIDWEST GENERATION, LLC AND SUBSIDIARIES

(Debtor-in-Possession)

CONSOLIDATED BALANCE SHEETS

(in millions, except unit amounts, unaudited)

	September 30, 2013	December 31, 2012
Assets		
Current Assets		
Cash and cash equivalents	$ 120	$ 95
Due from affiliates, net (Note 1)	38	40
Inventory	102	165
Interest receivable from affiliate, net (Note 1)	—	—
Derivative assets	1	2
Other current assets	20	20
Total current assets	281	322
Property, Plant and Equipment, less accumulated depreciation of $992 and $1,260 at respective dates	1,542	2,078
Notes receivable from affiliate, net (Note 1)	—	—
Other long-term assets	10	28
Total Assets	$ 1,833	$ 2,428
Liabilities and Member's Equity		
Current Liabilities		
Accounts payable	$ 6	$ 10
Accrued liabilities	29	18
Due to affiliates	4	3
Interest payable	6	1
Derivative liabilities	2	3
Current portion of lease financings	—	6
Total current liabilities	47	41
Liabilities subject to compromise	542	529
Deferred taxes, net (Note 7)	—	—
Benefit plans and other long-term liabilities	194	192
Total Liabilities	783	762
Commitments and Contingencies (Notes 6, 9 and 10)		
Member's Equity		
Membership interests, no par value (100 units authorized, issued and outstanding at each date)	—	—
Additional paid-in capital	3,405	3,405
Retained deficit	(2,308)	(1,689)
Accumulated other comprehensive loss	(47)	(50)
Total Member's Equity	1,050	1,666
Total Liabilities and Member's Equity	$ 1,833	$ 2,428

The accompanying notes are an integral part of these consolidated financial statements.

MIDWEST GENERATION, LLC AND SUBSIDIARIES

(Debtor-in-Possession)

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in millions, unaudited)

	Nine Months Ended September 30,	
	2013	2012
Cash Flows From Operating Activities		
Net loss	$ (619)	$ (63)
Adjustments to reconcile loss to net cash provided by operating activities:		
Non-cash reorganization items, net	27	—
Depreciation and amortization	95	96
Deferred taxes and tax credits	(2)	(29)
Asset impairments and other charges	465	5
Changes in operating assets and liabilities:		
Decrease in due to/from affiliates, net	3	70
Decrease (increase) in inventory	63	(2)
Increase in other current assets	(3)	(5)
Increase (decrease) in accounts payable, other current liabilities and liabilities subject to compromise	3	(9)
Increase (decrease) in interest payable	5	(12)
Decrease in derivative assets and liabilities, net	2	5
Increase in other operating—liabilities	7	1
Net cash provided by operating activities	46	57
Cash Flows From Financing Activities		
Repayments of lease financing	(6)	(116)
Net cash used in financing activities	(6)	(116)
Cash Flows From Investing Activities		
Capital expenditures	(17)	(24)
Proceeds from sale of assets	1	—
Proceeds from settlement of insurance claims	—	1
Decrease (increase) in restricted deposits and restricted cash and cash equivalents	1	(1)
Repayment of loan from affiliate	—	12
Net cash used in investing activities	(15)	(12)
Net increase (decrease) in cash and cash equivalents	25	(71)
Cash and cash equivalents at beginning of period	95	213
Cash and cash equivalents at end of period	$ 120	$ 142

The accompanying notes are an integral part of these consolidated financial statements.

EDISON MISSION ENERGY AND SUBSIDIARIES

MIDWEST GENERATION, LLC AND SUBSIDIARIES

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (EME and Midwest Generation, except as noted)

Chapter 11 Cases

In order to preserve liquidity, on December 17, 2012, EME and 16 of its wholly owned subsidiaries, Camino Energy Company, Chestnut Ridge Energy Company, Edison Mission Energy Fuel Services, LLC, Edison Mission Fuel Resources, Inc., Edison Mission Fuel Transportation, Inc., Edison Mission Holdings Co., Edison Mission Midwest Holdings Co., Midwest Finance Corp., Midwest Generation EME, LLC, Midwest Generation, Midwest Generation Procurement Services, LLC, Midwest Peaker Holdings, Inc., Mission Energy Westside, Inc., San Joaquin Energy Company, Southern Sierra Energy Company, and Western Sierra Energy Company (the Initial Debtors) filed voluntary petitions for relief under Chapter 11 of the Bankruptcy Code. On May 2, 2013, 3 additional EME subsidiaries, EME Homer City Generation L.P. (Homer City), Homer City Property Holdings Inc., and Edison Mission Finance Company (collectively, the Homer City Debtors) filed voluntary petitions for relief under Chapter 11 of the Bankruptcy Code. The Initial Debtors' chapter 11 cases and the Homer City Debtors' chapter 11 cases (collectively, the Chapter 11 Cases) are being jointly administered under case No. 12-49219 (JPC). The Initial Debtors and the Homer City Debtors are collectively referred to as the Debtor Entities.

The Debtor Entities remain in possession of their property and continue their business operations uninterrupted as "debtors-in-possession" under the jurisdiction of the Bankruptcy Court and in accordance with the applicable provisions of the Bankruptcy Code and orders of the Bankruptcy Court. Other than the Debtor Entities, none of EME's other direct or indirect subsidiaries is a debtor in the Chapter 11 Cases. The filing of the Chapter 11 Cases automatically stayed most actions against the Debtor Entities, including actions to enforce the payment of EME's $3.7 billion of unsecured senior notes and Midwest Generation's obligations related to leases of the Powerton Station and Units 7 and 8 of the Joliet Station (the Powerton and Joliet Sale Leaseback). Absent an order from the Bankruptcy Court, substantially all of the Debtor Entities' pre-petition liabilities are subject to settlement under a reorganization plan.

The factors that caused EME and Midwest Generation to seek relief under Chapter 11, including low realized energy and capacity prices, high fuel costs and low generation, combined with capital requirements associated with retrofitting the Midwest Generation plants to comply with governmental regulations continue to exist. As a result of these factors and based on further analysis of its capital allocation strategy, EME and Midwest Generation recorded an impairment charge of $464 million related to its Will County Station. However, this impairment does not constitute a decision on further operations of this station, including capital investments necessary to comply with state and federal environmental regulations. For additional information, see Note 13—Impairment of Long-Lived Assets.

The Bankruptcy Court established June 17, 2013 and October 29, 2013 as the bar date for filing proofs of claim against the Initial Debtors and Homer City Debtors estates, respectively. The differences between amounts recorded by the Debtor Entities and the proofs of claims filed by creditors are investigated and resolved through the claims resolution process. This process may take considerable time to complete. The resolution of such claims could result in material adjustments to EME or Midwest Generation's financial statements. For additional discussion, see Note 15—Restructuring Activities—Claims.

EDISON MISSION ENERGY AND SUBSIDIARIES

MIDWEST GENERATION, LLC AND SUBSIDIARIES

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 1. Summary of Significant Accounting Policies (EME and Midwest Generation, except as noted) (Continued)

On December 16, 2012, EME, Edison International (EIX), and certain of EME's senior unsecured noteholders entered into a Transaction Support Agreement (the Support Agreement) pursuant to which EME, EIX and the signing noteholders (the Noteholders) agreed to support approval of certain transactions by the Bankruptcy Court. On July 25, 2013, 98.02% of the Noteholders terminated the Support Agreement, stating that, among other things, certain Required Consenting Noteholder Termination Events under Section 8 of the Support Agreement had occurred.

The filing of the Chapter 11 Cases constitutes an event of default under the Powerton and Joliet Sale Leaseback and under instruments governing the Senior Lease Obligation Bonds issued to finance these leases. EME, Midwest Generation, the owner-lessors, and certain of the holders of the pass-through certificates of Midwest Generation's lessor debt (the Certificate Holders) have been engaged in ongoing discussions regarding the ultimate disposition of the leases. In June 2013, EME and Midwest Generation agreed, among other things, to make monthly rental payments of $3.75 million beginning in July 2013 and to pay certain professional fees for the owner-lessors and Certificate Holders in exchange for an extension of the deadline to assume or reject the Powerton and Joliet leases and the agreement of the Certificate Holders to forbear and to direct the lease indenture trustee and pass-through trustee to forbear from seeking payment of any administrative claim for rent under the Powerton and Joliet leases (except the monthly partial rental payments of $3.75 million under the agreement) before the earlier of the effective date of a chapter 11 plan for Midwest Generation or a sale of substantially all of the assets of Midwest Generation. The parties filed a motion detailing the terms of this agreement and the Bankruptcy Court approved the extension of the statutory deadline by which the Debtor Entities must assume or reject the Powerton and Joliet leases until December 31, 2013.

The Chapter 11 Cases could also potentially give rise to counterparty rights and remedies under other documents. For additional information, see Note 5—Debt and Credit Agreements and Note 9—Commitments and Contingencies—Lease Commitments—Powerton and Joliet Sale Leaseback.

On October 18, 2013, EME and its debtor subsidiaries, including Midwest Generation, entered into various agreements that, upon completion, would ultimately implement a reorganization of the Debtor Entities through a sale of substantially all of EME's assets, including its equity interests in substantially all of its debtor and non-debtor subsidiaries, to a wholly owned subsidiary of NRG Energy Inc., upon Bankruptcy Court confirmation and consummation of a plan of reorganization (the NRG Sale). Midwest Generation is included in the equity interests to be sold. For additional information, see Note 15—Restructuring Activities—NRG Sale.

The accompanying consolidated financial statements have been prepared assuming that EME and Midwest Generation will continue as going concerns. Financial statements prepared on this basis assume the realization of assets and the satisfaction of liabilities in the normal course of business for the 12-month period following the date of the financial statements. The accompanying consolidated financial statements do not include any adjustments related to the recoverability and classification of assets or the amounts and classification of liabilities or any other adjustments that might be necessary if EME and Midwest Generation were unable to continue as going concerns.

EDISON MISSION ENERGY AND SUBSIDIARIES

MIDWEST GENERATION, LLC AND SUBSIDIARIES

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 1. Summary of Significant Accounting Policies (EME and Midwest Generation, except as noted) (Continued)

Basis of Presentation

There are no material updates to EME's and Midwest Generation's significant accounting policies since the filing of EME's and Midwest Generation's combined annual report on Form 10-K for the year ended December 31, 2012, with the exception of new accounting principles adopted as discussed below in "—New Accounting Guidance." This quarterly report should be read in conjunction with the financial statements and notes included in EME's and Midwest Generation's combined annual report on Form 10-K for the year ended December 31, 2012.

In the opinion of management, all adjustments, consisting of recurring accruals, have been made that are necessary to fairly state the consolidated financial position and results of operations and cash flows in accordance with accounting principles generally accepted in the United States of America (GAAP) for the periods covered by this quarterly report on Form 10-Q. The results of operations for the three-and nine-month periods ended September 30, 2013 are not necessarily indicative of the operating results for the full year. Except as indicated, amounts reflected in the notes to the consolidated financial statements relate to continuing operations of EME and Midwest Generation. Certain prior period amounts have been reclassified to conform to the current year financial statement presentation pertaining to discontinued operations. In December 2012, EME reclassified costs previously presented as professional fees related to potential reorganization to reorganization items, net to reflect the proper classification of costs that were directly associated with the Chapter 11 Cases but were incurred prior to the December 17, 2012 petition date. Accordingly, EME's consolidated statements of operations for the three and nine months ended September 30, 2012 were revised to reflect $7 million and $9 million, respectively, of professional fees related to potential reorganization as reorganization items, net. Management believes the reclassification does not have a material impact on the prior year financial statements as it has no impact on loss from continuing operations or net loss.

Cash Equivalents

Cash equivalents included money market funds totaling $948 million and $615 million for EME and $103 million and $75 million for Midwest Generation at September 30, 2013 and December 31, 2012, respectively. The carrying value of cash equivalents equals the fair value as all investments have original maturities of less than three months.

Inventory

Inventory consisted of the following:

	EME		Midwest Generation	
(in millions)	September 30, 2013	December 31, 2012	September 30, 2013	December 31, 2012
Coal, fuel oil and other raw materials	$ 60	$ 123	$ 57	$ 119
Spare parts, materials and supplies	61	52	45	46
Total inventory	$ 121	$ 175	$ 102	$ 165

EDISON MISSION ENERGY AND SUBSIDIARIES

MIDWEST GENERATION, LLC AND SUBSIDIARIES

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 1. Summary of Significant Accounting Policies (EME and Midwest Generation, except as noted) (Continued)

Notes Receivable from EME (Midwest Generation only)

Notes receivable from EME on Midwest Generation's consolidated balance sheets consisted of the following:

	September 30, 2013			December 31, 2012		
(in millions)	Carrying Value	Valuation Allowance	Net	Carrying Value	Valuation Allowance	Net
Current portion of notes receivable from affiliate	$ 19	$ (19)	$ —	$ 12	$ (12)	$ —
Interest receivable from affiliate	55	(55)	—	55	(55)	—
Notes receivable from affiliate	1,304	(1,304)	—	1,311	(1,311)	—
Total	$ 1,378	$ (1,378)	$ —	$ 1,378	$ (1,378)	$ —

At December 31, 2012, Midwest Generation recorded a $1.4 billion charge, equal to the full carrying amount of the loan and accrued interest, and ceased accruing interest income associated with the intercompany loan. EME did not make the scheduled principal and interest payment of $61 million due on both January 2, 2013 and July 2, 2013. As a result, interest income from affiliate, included in interest and other income on Midwest Generation's consolidated statements of operations, was none and $28 million during the three months ended September 30, 2013 and 2012, respectively, and none and $83 million during the nine months ended September 30, 2013 and 2012, respectively. Upon completion of the NRG Sale, this loan and accrued interest would be canceled. For additional information, see Note 15—Restructuring Activities—NRG Sale.

New Accounting Guidance

Accounting Guidance Adopted in 2013

Offsetting Assets and Liabilities

In December 2011 and December 2012, the Financial Accounting Standards Board (FASB) issued accounting standards updates modifying the disclosure requirements about the nature of an entity's rights of offsetting assets and liabilities in the consolidated balance sheet under master netting agreements and related arrangements associated with financial and derivative instruments. The guidance requires increased disclosure of the gross and net recognized assets and liabilities, collateral positions, and narrative descriptions of setoff rights. EME and Midwest Generation adopted this guidance effective January 1, 2013.

Presentation of Items Reclassified out of Accumulated Other Comprehensive Income

In February 2013, the FASB issued an accounting standards update which requires disclosure related to items reclassified out of accumulated other comprehensive income (AOCI). The guidance requires entities to present separately, for each component of other comprehensive income (OCI), current period reclassifications and the remainder of the current-period OCI. In addition, for certain current period reclassifications, an entity is required to disclose the effect of the item reclassified out of AOCI on the respective line item of net income. EME adopted this guidance effective January 1, 2013.

EDISON MISSION ENERGY AND SUBSIDIARIES

MIDWEST GENERATION, LLC AND SUBSIDIARIES

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 1. Summary of Significant Accounting Policies (EME and Midwest Generation, except as noted) (Continued)

Accounting Guidance Not Yet Adopted

Joint and Several Liabilities

In February 2013, the FASB issued an accounting standard update which modifies the requirements for the recognition, measurement, and disclosure of obligations resulting from joint and several liability arrangements for which the total amount of the obligation is fixed at the reporting date. The guidance requires companies to measure these obligations as the sum of the amount the company has agreed with co-obligors to pay and any additional amount it expects to pay on behalf of one or more co-obligors. This guidance is effective for fiscal years beginning after December 31, 2013. EME and Midwest Generation do not expect this guidance to have a material impact on results of operations.

Presentation of Unrecognized Tax Benefits

In July 2013, the FASB issued an accounting standard update which clarifies that a liability for an unrecognized tax benefit should be presented as a reduction of a deferred tax asset when settlement of the liability with the taxing authority results in the reduction of a net operating loss or tax credit carryforward. The requirement to record a non-cash settlement in a net manner does not affect EME and Midwest Generation's analysis of the realization of deferred tax assets. This guidance is effective for fiscal years beginning after December 31, 2013. EME and Midwest Generation do not expect this guidance to have a material impact on results of operations.

EDISON MISSION ENERGY AND SUBSIDIARIES

MIDWEST GENERATION, LLC AND SUBSIDIARIES

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 2. Consolidated Statements of Changes in Equity (EME only)

EME's changes in equity for the nine months ended September 30, 2013 consisted of the following:

	Edison Mission Energy Shareholder's Equity					
(in millions)	Common Stock	Additional Paid-in Capital	Retained Deficit	AOCI	Non-controlling Interests	Total Equity
Balance at December 31, 2012	$ 64	$ 1,095	$ (577)	$ (138)	$ 288	$ 732
Net income (loss)	—	—	(635)	—	21	(614)
OCI, net of tax	—	—	—	29	—	29
Payments to EIX for stock purchases related to stock-based compensation	—	—	(13)	—	—	(13)
Cash contribution from EIX(1)	—	6	—	—	—	6
Non-cash contribution from EIX(1)	—	32	—	—	—	32
Excess tax benefits related to stock option exercises	—	2	—	—	—	2
Other stock transactions, net	—	2	—	—	—	2
Contributions from noncontrolling interests(2)	—	—	—	—	94	94
Distributions to noncontrolling interests	—	—	—	—	(11)	(11)
Balance at September 30, 2013	$ 64	$ 1,137	$ (1,225)	$ (109)	$ 392	$ 259

(1) During 2013, EME received contributions from EIX related to the tax-allocation agreements. For further information, see Note 7—Income Taxes—EME—Effective Tax Rate.

(2) Funds contributed by third-party investors to Capistrano Wind Partners. For further information, see Note 3—Variable Interest Entities—Projects or Entities that are Consolidated—Capistrano Wind Partners.

EDISON MISSION ENERGY AND SUBSIDIARIES

MIDWEST GENERATION, LLC AND SUBSIDIARIES

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 2. Consolidated Statements of Changes in Equity (EME only) (Continued)

EME's changes in equity for the nine months ended September 30, 2012 consisted of the following:

	Edison Mission Energy Shareholder's Equity					
(in millions)	Common Stock	Additional Paid-in Capital	Retained Earnings	AOCI	Non-controlling Interests	Total Equity
Balance at December 31, 2011	$ 64	$ 1,327	$ 365	$ (94)	$ 2	$ 1,664
Net income (loss)	—	—	(360)	—	12	(348)
OCI, net of tax	—	—	—	(34)	—	(34)
Payments to EIX for stock purchases related to stock-based compensation	—	—	(14)	—	—	(14)
Excess tax benefits related to stock option exercises	—	3	—	—	—	3
Other stock transactions, net	—	4	—	—	—	4
Contributions from noncontrolling interests(1)	—	—	—	—	242	242
Distributions to noncontrolling interests	—	—	—	—	(14)	(14)
Transfers of assets to Capistrano Wind Partners(2)	—	(21)	—	—	—	(21)
Balance at September 30, 2012	$ 64	$ 1,313	$ (9)	$ (128)	$ 242	$ 1,482

(1) Funds contributed by third-party investors to Capistrano Wind Partners. For further information, see Note 3—Variable Interest Entities—Projects or Entities that are Consolidated—Capistrano Wind Partners.

(2) Additional paid in capital was reduced by $21 million due to a new tax basis in the assets transferred to Capistrano Wind Partners.

Note 3. Variable Interest Entities (EME only)

Projects or Entities that are Consolidated

At September 30, 2013 and December 31, 2012, EME consolidated 16 and 15 projects, respectively, that have noncontrollinginterests held by others. These projects have a total generating capacity of 958 megawatts (MW) and 878 MW, respectively. The increase in the number of projects consolidated is due to the sale of Edison Mission Wind Inc.'s (Edison Mission Wind) indirect equity interest in the Broken Bow I wind project (80 MW in Nebraska) to Capistrano Wind Partners for $112 million. Edison Mission Wind is a wholly owned subsidiary of EME. Outside investors provided $94 million of the funding. In determining that EME was the primary beneficiary of the projects that are consolidated, key factors considered were EME's ability to direct commercial and operating activities and EME's obligation to absorb losses of the variable interest entities.

EDISON MISSION ENERGY AND SUBSIDIARIES

MIDWEST GENERATION, LLC AND SUBSIDIARIES

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 3. Variable Interest Entities (EME only) (Continued)

EME's summarized financial information for consolidated projects consisted of the following:

(in millions)	September 30, 2013	December 31, 2012
Current assets	$ 84	$ 74
Net property, plant and equipment	1,205	1,117
Other long-term assets	108	90
Total assets	$ 1,397	$ 1,281
Current liabilities	$ 39	$ 50
Long-term debt net of current portion	227	186
Deferred revenues	153	156
Long-term derivative liabilities	14	23
Other long-term liabilities	47	40
Total liabilities	$ 480	$ 455
Noncontrolling interests	$ 392	$ 288

Assets serving as collateral for the debt obligations had a carrying value of $623 million and $497 million at September 30, 2013 and December 31, 2012, respectively, and primarily consist of property, plant and equipment. The debt obligations are nonrecourse to EME. For further discussion, see Note 5—Debt and Credit Agreements.

Capistrano Wind Partners

In addition to the Broken Bow I transaction discussed above, in February 2012, Edison Mission Wind sold its indirect equity interests in the Cedro Hill wind project (150 MW in Texas), the Mountain Wind Power I wind project (61 MW in Wyoming), and the Mountain Wind Power II wind project (80 MW in Wyoming) to Capistrano Wind Partners for $346 million. Outside investors provided $238 million of the funding and Mission Energy Holding Company (MEHC) made a $4 million preferred investment. In December 2012, Edison Mission Wind sold its indirect equity interest in the Crofton Bluffs wind project (40 MW in Nebraska) to Capistrano Wind Partners for $58 million. Outside investors provided $46 million of the funding.

Through their ownership of Capistrano Wind Holdings, an indirect subsidiary of EME, Edison Mission Wind and EME's parent company, MEHC, own 100% of the Class A equity interests in Capistrano Wind Partners, and the Class B preferred equity interests are held by outside investors. In the event that Edison Mission Wind is no longer included in the consolidated income tax returns of EIX, MEHC's equity interest converts to common stock such that Capistrano Wind Holdings would remain included in the EIX consolidated tax group. The closing of the NRG Sale would trigger the provisions to increase MEHC's holding of Capistrano Wind Holdings' common stock. For additional information, see Note 7—Income Taxes and Note 15—Restructuring Activities—NRG Sale.

Under the terms of the formation documents, preferred equity interests receive 100% of the cash available for distribution up to a scheduled amount to target a certain return and thereafter cash

EDISON MISSION ENERGY AND SUBSIDIARIES

MIDWEST GENERATION, LLC AND SUBSIDIARIES

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 3. Variable Interest Entities (EME only) (Continued)

distributions are shared. Cash available for distribution includes 90% of the tax benefits realized by MEHC and contributed to Capistrano Wind Partners.

Edison Mission Wind retains indirect beneficial ownership of the common equity in the projects, net of MEHC's preferred investment, and retains responsibilities for managing the operations of Capistrano Wind Holdings and its projects. Accordingly, EME will continue to consolidate these projects. The $378 million contributed by the third-party investors and the $4 million preferred investment made by MEHC are reflected in noncontrolling interests on EME's consolidated balance sheet at September 30, 2013. The transactions between Edison Mission Wind and Capistrano Wind Partners were accounted for as a transfer among entities under common control and, therefore, resulted in no change in the book basis of the transferred assets. However, the transaction did trigger a taxable gain and new tax basis in the assets with a corresponding adjustment to deferred taxes and a reduction to equity.

Note 4. Fair Value Measurements (EME, Midwest Generation)

Recurring Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (referred to as an "exit price"). Fair value of an asset or liability considers assumptions that market participants would use in pricing the asset or liability, including assumptions about nonperformance risk, which was not material as of September 30, 2013 and December 31, 2012 for both EME and Midwest Generation.

Valuation Techniques Used to Determine Fair Value

Assets and liabilities are categorized into a three-level fair value hierarchy based on valuation inputs used to determine fair value. The hierarchy gives the highest priority to unadjusted quoted market prices in active markets for identical assets and liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The fair value of transfers in and out of each level is determined at the end of each reporting period.

Level 1

The fair value of Level 1 assets and liabilities is determined using unadjusted quoted prices in active markets that are available at the measurement date for identical assets and liabilities. This level includes exchange-traded derivatives and money market funds.

Level 2

The fair value of Level 2 assets and liabilities is determined using the income approach by obtaining quoted prices for similar assets and liabilities in active markets and inputs that are observable, either directly or indirectly, for substantially the full term of the instrument. This level includes over-the-counter derivatives and interest rate swaps.

Over-the-counter derivative contracts are valued using standard pricing models to determine the net present value of estimated future cash flows. Inputs to the pricing models include forward

EDISON MISSION ENERGY AND SUBSIDIARIES

MIDWEST GENERATION, LLC AND SUBSIDIARIES

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 4. Fair Value Measurements (EME, Midwest Generation) (Continued)

published or posted clearing prices from exchanges (New York Mercantile Exchange and Intercontinental Exchange) for similar instruments and discount rates. A primary price source that best represents trade activity for each market is used to develop observable forward market prices in determining the fair value of these positions. Broker quotes, prices from exchanges, or comparison to executed trades are used to validate and corroborate the primary price source. These price quotations reflect mid-market prices (average of bid and ask) and are obtained from sources believed to provide the most liquid market for the commodity.

Level 3

The fair value of Level 3 assets and liabilities is determined using the income approach through various models and techniques that require significant unobservable inputs. This level includes over-the-counter options and derivative contracts that trade infrequently, such as congestion revenue rights and long-term power agreements.

Assumptions are made in order to value derivative contracts in which observable inputs are not available. Changes in fair value are based on changes to forward market prices, including extrapolation of short-term observable inputs into forecasted prices for illiquid forward periods. In circumstances where fair value cannot be verified with observable market transactions, it is possible that a different valuation model could produce a materially different estimate of fair value. Modeling methodologies, inputs, and techniques are reviewed and assessed as markets continue to develop and more pricing information becomes available. The fair value is adjusted when it is concluded that a change in inputs or techniques would result in a new valuation that better reflects the fair value of those derivative contracts.

EDISON MISSION ENERGY AND SUBSIDIARIES

MIDWEST GENERATION, LLC AND SUBSIDIARIES

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 4. Fair Value Measurements (EME, Midwest Generation) (Continued)

EME

The following table sets forth EME's assets and liabilities that were accounted for at fair value by level within the fair value hierarchy:

	September 30, 2013				
(in millions)	Level 1	Level 2	Level 3	Netting and Collateral(1)	Total
Assets at Fair Value					
Money market funds(2)	$ 948	$ —	$ —	$ —	$ 948
Derivative contracts					
Electricity	—	35	26	(7)	54
Natural gas	3	—	—	(3)	—
Interest rate	—	2	—	—	2
Total assets	$ 951	$ 37	$ 26	$ (10)	$ 1,004
Liabilities at Fair Value					
Derivative contracts					
Electricity	$ —	$ 1	$ 5	$ (6)	$ —
Interest rate	—	69	—	—	69
Total liabilities	$ —	$ 70	$ 5	$ (6)	$ 69

	December 31, 2012				
(in millions)	Level 1	Level 2	Level 3	Netting and Collateral(1)	Total
Assets at Fair Value					
Money market funds(2)	$ 615	$ —	$ —	$ —	$ 615
Derivative contracts					
Electricity	—	41	52	(3)	90
Total assets	$ 615	$ 41	$ 52	$ (3)	$ 705
Liabilities at Fair Value					
Derivative contracts					
Electricity	$ —	$ 6	$ 1	$ (7)	$ —
Natural gas	3	—	—	(3)	—
Interest rate	—	118	—	—	118
Total liabilities	$ 3	$ 124	$ 1	$ (10)	$ 118

(1) Represents cash collateral and the impact of netting across the levels of the fair value hierarchy. Netting among positions classified within the same level is included in that level.

(2) Money market funds are included in cash and cash equivalents on EME's consolidated balance sheets.

EDISON MISSION ENERGY AND SUBSIDIARIES

MIDWEST GENERATION, LLC AND SUBSIDIARIES

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 4. Fair Value Measurements (EME, Midwest Generation) (Continued)

Level 3 Valuation Process

The process of determining fair value of commodity derivative contracts is the responsibility of the risk department, which reports to the chief financial officer. This department obtains observable and unobservable inputs through broker quotes, exchanges, and internal valuation techniques and uses both standard and proprietary models to determine fair value. Each reporting period, the risk and key finance departments collaborate to determine the appropriate fair value methodologies and classifications for each derivative. Inputs are validated for reasonableness by comparison against prior prices, other broker quotes, and volatility fluctuation thresholds. Inputs used and valuations are reviewed period-over-period and compared with market conditions to determine reasonableness.

The following table sets forth the valuation techniques and significant unobservable inputs used to determine fair value for EME's Level 3 assets and liabilities:

	September 30, 2013					
	Fair Value (in millions)					
	Assets	Liabilities	Valuation Techniques	Significant Unobservable Input	Range	Weighted Average
Electricity						
Congestion contracts	$ 42	$ 17	Latest auction pricing	Congestion prices	$(34.77) - $18.70	$ 0.10
Power contracts	3	7	Discounted cash flows	Power prices	$30.43 - $58.65	$ 37.41
Netting	(19)	(19)				
Total	$ 26	$ 5				

	December 31, 2012					
	Fair Value (in millions)					
	Assets	Liabilities	Valuation Techniques	Significant Unobservable Input	Range	Weighted Average
Electricity						
Congestion contracts	$ 71	$ 20	Latest auction pricing	Congestion prices	$(8.93) - $18.03	$ 0.19
Power contracts	2	2	Discounted cash flows	Power prices	$22.54 - $48.85	$ 39.62
Netting	(21)	(21)				
Total	$ 52	$ 1				

Level 3 Fair Value Sensitivity

For congestion contracts, generally, an increase (decrease) in congestion prices in the last auction relative to the contract price will increase (decrease) fair value. For power contracts, generally, an increase (decrease) in long-term forward power prices at illiquid locations relative to the contract price will increase (decrease) fair value.

EDISON MISSION ENERGY AND SUBSIDIARIES

MIDWEST GENERATION, LLC AND SUBSIDIARIES

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 4. Fair Value Measurements (EME, Midwest Generation) (Continued)

The following table sets forth a summary of changes in the fair value of EME's Level 3 net derivative assets and liabilities:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions)	2013	2012	2013	2012
Fair value of net assets at beginning of period	$ 26	$ 41	$ 51	$ 83
Total realized/unrealized gains (losses)				
Included in earnings(1)	5	12	(14)	20
Included in AOCI(2)	—	(1)	—	1
Purchases	8	8	27	27
Settlements	(18)	(29)	(43)	(49)
Transfers out of Level 3	—	—	—	(51)
Fair value of net assets at end of period	$ 21	$ 31	$ 21	$ 31
Change during the period in unrealized gains (losses) related to assets and liabilities held at end of period(1)	$ (1)	$ (7)	$ (18)	$ —

(1) Reported in operating revenues on EME's consolidated statements of operations.

(2) Included in reclassification adjustments in EME's consolidated statement of OCI.

There were no transfers between levels during the nine months ended September 30, 2013 and no transfers between Level 1 and Level 2 during the nine months ended September 30, 2012. Significant transfers out of Level 3 into Level 2 occurred in the first quarter of 2012 due to significant observable inputs becoming available as the transactions neared maturity.

Fair Value of Long-term Debt

The carrying amounts and fair values of EME's long-term debt were as follows:

	September 30, 2013		December 31, 2012	
(in millions)	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Long-term debt, including current portion	$ 1,523	$ 1,520	$ 1,056	$ 1,057

In assessing the fair value of EME's long-term debt, EME primarily uses quoted market prices, except for floating-rate debt for which the carrying amounts were considered a reasonable estimate of fair value. The fair value of EME's long-term debt is classified as Level 2.

The carrying amount of short-term debt at December 31, 2012 approximates fair value.

EDISON MISSION ENERGY AND SUBSIDIARIES

MIDWEST GENERATION, LLC AND SUBSIDIARIES

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 4. Fair Value Measurements (EME, Midwest Generation) (Continued)

Midwest Generation

The following table sets forth Midwest Generation's assets and liabilities that were accounted for at fair value by level within the fair value hierarchy:

	September 30, 2013			
(in millions)	Level 1	Level 2	Netting(1)	Total
Assets at Fair Value				
Money market funds(2)	$ 103	$ —	$ —	$ 103
Derivative contracts				
Electricity	—	1	—	1
Total assets	$ 103	$ 1	$ —	$ 104
Liabilities at Fair Value				
Derivative contracts				
Electricity	$ —	$ 2	$ —	$ 2
Total liabilities	$ —	$ 2	$ —	$ 2

	December 31, 2012			
(in millions)	Level 1	Level 2	Netting(1)	Total
Assets at Fair Value				
Money market funds(2)	$ 75	$ —	$ —	$ 75
Derivative contracts				
Electricity	—	2	—	2
Total assets	$ 75	$ 2	$ —	$ 77
Liabilities at Fair Value				
Derivative contracts				
Electricity	$ —	$ 3	$ —	$ 3
Total liabilities	$ —	$ 3	$ —	$ 3

(1) Represents the impact of netting across the levels of the fair value hierarchy. Netting among positions classified within the same level is included in that level.

(2) Money market funds are included in cash and cash equivalents on Midwest Generation's consolidated balance sheets.

Midwest Generation does not have any Level 3 assets and liabilities. There were no transfers between levels during the nine months ended September 30, 2013 and 2012.

EDISON MISSION ENERGY AND SUBSIDIARIES

MIDWEST GENERATION, LLC AND SUBSIDIARIES

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 5. Debt and Credit Agreements (EME only)

Debt

Debt with recourse to EME totaled $3.7 billion and is classified as part of liabilities subject to compromise (LSTC) as of September 30, 2013 and December 31, 2012. Nonrecourse debt, as summarized below, is debt whereby lenders rely on specific project assets to repay such obligations. The following table summarizes long-term debt (rates and terms as of September 30, 2013), excluding LSTC:

(in millions)	Current Rate(1)	Effective Interest Rate(2)	Maturity Date	September 30, 2013	December 31, 2012
Walnut Creek Energy Term Loan	2.50% LIBOR+2.25%	5.46%	May 2023	$ 425	$ 330
WCEP Holdings, LLC Term Loan	4.32% LIBOR+4.00%	7.63%	May 2023	53	52
Big Sky Wind, LLC Vendor financing loan	3.94% LIBOR+3.50%	3.94%	October 2014	228	222
High Lonesome Mesa, LLC Bonds	6.85% Fixed	6.85%	November 2017	66	69
American Bituminous Power Partners, L.P.(3) Bonds	0.08% Floating	0.08%	October 2017	46	46
Viento Funding II, Inc. Term Loan	3.18% LIBOR+2.75%	5.62%	July 2023	202	191
Tapestry Wind, LLC Term Loan	2.75% LIBOR+2.50%	4.51%	December 2021	204	210
Cedro Hill Wind, LLC Term Loan	3.25% LIBOR+3.00%	6.89%	December 2025	119	125
Laredo Ridge Term Loan	3.00% LIBOR+2.75%	5.90%	March 2026	70	71
Crofton Bluffs Wind, LLC Term Loan(4)	3.12% LIBOR+2.88%	3.60%	December 2027	26	27
Broken Bow Wind, LLC Term Loan(4)	3.12% LIBOR+2.88%	3.64%	December 2027	51	52
Others	Various	Various	Various	33	43
Total debt				$ 1,523	$ 1,438
Less: Short-term debt				—	382
Total long-term debt				1,523	1,056
Less: Current maturities of long-term debt				90	307
Long-term debt, net of current portion				$ 1,433	$ 749

(1) London Interbank Offered Rate (LIBOR).

(2) The effective rate at which interest expense is reflected in the financial statements after the consideration of the current rate of debt and any amounts subject to interest rate swaps. For further discussion, see Note 6—Derivative Instruments and Hedging Activities—Interest Rate Risk Management.

(3) Principal payments are due annually through October 1, 2017. Interest rates are reset weekly based on current bond yields for similar securities. On October 1,

2013, American Bituminous Power Partners, L.P. (Ambit) made the required annual principal payment to bondholders by drawing on its line of credit. Ambit was unable to fully reimburse the draw down which is a potential event of default. However, Ambit and various counterparties, including the line of credit issuer, executed an agreement effective October 1, 2013 to waive any event of default.

(4) The interest rate swaps for this obligation will expire in December 2013 and forward starting rate swaps will become effective. For additional information, see Note 6—Derivative Instruments and Hedging Activities.

EDISON MISSION ENERGY AND SUBSIDIARIES

MIDWEST GENERATION, LLC AND SUBSIDIARIES

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 5. Debt and Credit Agreements (EME only) (Continued)

Chapter 11 Cases

The filing of the Chapter 11 Cases constitutes an event of default under various financing documents. In addition to the instruments discussed below, the Chapter 11 Cases could also potentially give rise to counterparty rights and remedies under other documents.

Senior Notes

The filing of the Chapter 11 Cases constitutes an event of default under EME's senior notes and, as a result, the principal and interest due under these debt instruments are immediately due and payable. The creditors are stayed from taking any action as a result of the default under Section 362 of the Bankruptcy Code and the obligations related to the senior notes are recorded as part of LSTC. For additional information, see Note 15 —Restructuring Activities.

Viento II Financing

In July 2013, EME completed, through its subsidiary, Viento Funding II, Inc., an amendment of its Viento II Financing, a nonrecourse financing of its interests in the Wildorado, San Juan Mesa and Elkhorn Ridge wind projects. The amendment increased the financing amount to $238 million, which included a $202 million 10-year partially amortizing term loan, a $27 million 7-year letter of credit facility, and a $9 million 7-year working capital facility. Interest under the term loan accrues at LIBOR plus 2.75% initially with the rate increasing 0.25% on every fourth anniversary. EME reaffirmed the pledge of its interest in Viento Funding II, Inc. in connection with the amendment but is not a borrower or a guarantor. The amendment cured any possible event of default, and therefore the Viento Funding II debt was classified as a long-term liability on the consolidated balance sheets.

Viento Funding II terminated $78 million amortizing notional amount 3.415% interest rate swap agreements and entered into several tranches of new interest rate swap agreements to hedge the majority of exposure to fluctuations in interest rates. As a result of the termination, EME wrote off $4 million of unamortized deferred financing costs as a loss on early extinguishment of debt in the consolidated statements of operations. For additional information, see Note 6—Derivative Instruments and Hedging-Interest Rate Risk Management.

High Lonesome Financing

The filing of the Chapter 11 Cases constitutes an event of default under the documents governing the issuance of the Series 2010A and 2010B Bonds (the Bonds). In July 2013, the applicable bondholders granted a permanent waiver of default, subject to EME assuming the state production tax credit agreement in the Chapter 11 Cases. Pursuant to assumption and rejection procedures previously approved by the Bankruptcy Court, EME assumed the agreement effective as of July 15, 2013. As of September 30, 2013, there were $41 million and $25 million outstanding under the Series 2010A and Series 2010B Bonds, respectively, and $7 million of outstanding letters of credit.

Credit Facilities and Letters of Credit

At September 30, 2013, letters of credit under EME's and its subsidiaries' credit facilities aggregated $169 million and were scheduled to expire as follows: $2 million in 2013, $57 million in

EDISON MISSION ENERGY AND SUBSIDIARIES

MIDWEST GENERATION, LLC AND SUBSIDIARIES

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 5. Debt and Credit Agreements (EME only) (Continued)

2014, $17 million in 2017, $9 million in 2018, $27 million in 2020, $18 million in 2021, $13 million in 2022 and $26 million in 2023.

Standby letters of credit include $22 million issued in connection with the power purchase agreement with Southern California Edison Company (SCE), an affiliate of EME, under the Walnut Creek credit facility. At September 30, 2013, EME had $22 million of cash collateral supporting its standby letters of credit, including cash collateral under Edison Mission Wind's $75 million letter of credit facility which was completed in April 2013 and expires on April 30, 2016. Letter of credit facilities for Mountain Wind Power, LLC and Mountain Wind Power II, LLC of $10 million and $16 million, respectively, were both completed in September 2013 and expire in September 2020. In October 2013, the letter of credit facility agreement between EME and DNB Bank was terminated. There was no outstanding balance under this agreement on September 30, 2013. Certain letters of credit are subject to automatic annual renewal provisions.

Big Sky Turbine Financing

In October 2009, EME's subsidiary, Big Sky Wind, LLC (Big Sky), entered into turbine financing arrangements with the turbine manufacturer Suzlon Wind Energy Corporation (Suzlon) for wind turbine purchase obligations related to the 240 MW Big Sky wind project. The loan associated with the financing arrangements has a five-year final maturity. However, the satisfaction of certain criteria, including project performance and absence of serial defects, may trigger earlier repayment. In September 2012, Suzlon sued Big Sky in New York federal court seeking a declaratory judgment that the early repayment provisions had been satisfied and that Big Sky should be required to repay the loan in full in February 2013. Big Sky answered Suzlon's complaint, denied the allegations and counterclaimed. The counterclaim alleged that certain serial defects existing in the turbine equipment supplied by Suzlon precluded application of the early repayment provisions. The litigation is pending in New York federal court. The Big Sky loan is secured by a leasehold mortgage on the project's real property assets, a pledge of all other collateral of the Big Sky wind project, as well as a cash reserve account into which one-third of distributable cash flow, if any, of the Big Sky wind project is to be deposited on a monthly basis. The loan is also secured by pledges of Big Sky's direct and indirect ownership interests in the project, but is nonrecourse to EME. For further details regarding consolidated assets pledged as security for debt obligations, see Note 3—Variable Interest Entities.

As of September 30, 2013, $228 million was outstanding under the vendor financing loan at an effective interest rate of 3.94%. EME has been in discussions with Suzlon regarding a potential sale of EME's interest in the Big Sky wind project in exchange for forgiveness of debt and other consideration. These discussions are ongoing and EME has not made any decisions with respect to a potential sale. As a result, Big Sky's long-lived assets, consisting of property, plant and equipment and deferred revenue, were evaluated for impairment under the Held for Use model of Accounting Standards Codification 360 *Property, Plant, and Equipment* (ASC 360). The probability weighted future undiscounted cash flows associated with this asset group exceeded its carrying value at September 30, 2013 and consequently no impairment has been recognized. If EME and Suzlon do agree upon a sale transaction under terms similar to those currently under discussion, EME would record a material loss. If EME and Suzlon do not agree upon a sale transaction, Big Sky will need to arrange alternative financing, if available, to repay the loan at maturity or reach agreement with the lender to extend the

EDISON MISSION ENERGY AND SUBSIDIARIES

MIDWEST GENERATION, LLC AND SUBSIDIARIES

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 5. Debt and Credit Agreements (EME only) (Continued)

maturity date of the loan. EME does not intend to make an investment in the project and is under no obligation to do so. If a restructuring of the loan or a sale effort is unsuccessful, Suzlon may foreclose on the project resulting in a write-off of the entire investment in the project. At September 30, 2013, EME's investment in the Big Sky wind project consisted of assets of $451 million and liabilities of $369 million.

Walnut Creek

Walnut Creek, a 479 MW gas-fired peaker plant, achieved commercial operation during the second quarter 2013, and accordingly, EME completed, through two wholly owned subsidiaries, Walnut Creek Energy and WCEP Holdings, LLC, the conversion of its nonrecourse financings from construction loans to 10-year amortizing term loans. Walnut Creek started earning revenues under its long-term purchase power agreement in June 2013.

Note 6. Derivative Instruments and Hedging Activities (EME, Midwest Generation)

EME and Midwest Generation use derivative instruments to reduce their exposure to market risks that arise from price fluctuations of electricity, capacity, fuel, emission allowances, transmission rights, and interest rates. The derivative financial instruments vary in duration, ranging from a few days to several years, depending upon the instrument. To the extent that EME and Midwest Generation do not use derivative instruments to hedge these market risks, the unhedged portions will be subject to the risks and benefits of spot market price movements.

Risk management positions may be designated as cash flow hedges or economic hedges, which are derivatives that are not designated as cash flow hedges. Economic hedges are accounted for at fair value on EME's and Midwest Generation's consolidated balance sheets as derivative assets or liabilities with offsetting changes recorded on the consolidated statements of operations. For derivative instruments that qualify for hedge accounting treatment, the fair value is recognized on EME's and Midwest Generation's consolidated balance sheets as derivative assets or liabilities with offsetting changes in fair value, to the extent effective, recognized in AOCI until reclassified into earnings when the related forecasted transaction occurs. The portion of a cash flow hedge that does not offset the change in the fair value of the transaction being hedged, which is commonly referred to as the ineffective portion, is immediately recognized in earnings. The results of derivative activities are recorded in cash flows from operating activities on the consolidated statements of cash flows.

Derivative instruments that are utilized by EME for trading purposes are measured at fair value and included on the consolidated balance sheets as derivative assets or liabilities, with offsetting changes recognized in operating revenues on the consolidated statements of operations.

Where EME's and Midwest Generation's derivative instruments are subject to a master netting agreement or contain collateral deposit requirements and the criteria of authoritative guidance are met, EME presents its derivative assets and liabilities on a net basis on its consolidated balance sheets. EME's and Midwest Generation's master netting agreements allow for the right of offset for contracts with physical settlement. They do not allow for cross commodity settlement unless all positions are liquidated.

EDISON MISSION ENERGY AND SUBSIDIARIES

MIDWEST GENERATION, LLC AND SUBSIDIARIES

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 6. Derivative Instruments and Hedging Activities (EME, Midwest Generation) (Continued)

Since EME's and Midwest Generation's credit ratings are below investment grade, EME and its subsidiaries have provided collateral in the form of cash and letters of credit for the benefit of derivative counterparties and brokers. The amount of margin and collateral deposits generally varies based on changes in fair value of the related positions. Future changes in power prices could expose EME and Midwest Generation to additional collateral postings.

EME's and Midwest Generation's approach to trading and risk management depends, in part, on the ability to use clearing brokers to enter into market transactions. As a result of their financial position, EME and Midwest Generation have limited access to enter into such transactions and have been subject to increased initial collateral and margin requirements. There is no assurance that EME and Midwest Generation will continue to be able to utilize clearing brokers. If EME and Midwest Generation become unable to utilize clearing brokers, they may seek to execute bilateral transactions with third parties which could be unavailable on commercially reasonable terms or at all.

Notional Volumes of Derivative Instruments

The following table summarizes notional volumes of derivatives used for hedging and trading activities:

				September 30, 2013						
				Cash Flow Hedges			Economic Hedges			Trading Activities
Commodity	Instrument	Classification	Unit of Measure	Midwest Generation	Other EME Subsidiaries	EME	Midwest Generation	Other EME Subsidiaries	EME	Other EME Subsidiaries
Electricity	Forwards/ Futures	Sales, net	GWh(1)	908	—	908	—	13	13(2)	—
Electricity	Forwards/ Futures	Purchases, net	GWh	—	—	—	—	—	—	734
Electricity	Congestion	Purchases, net	GWh	—	—	—	—	112	112(4)	266,795(4)
Natural gas	Forwards/ Futures	Sales, net	bcf(1)	—	—	—	—	—	—	13.4
Fuel oil	Forwards/Futures	Sales, net	barrels	—	—	—	—	—	—	40,000
Weather	Forwards/ Futures	Purchases, net	CDD(1)	—	—	—	—	—	—	15,000

				December 31, 2012						
				Cash Flow Hedges			Economic Hedges			Trading Activities
Commodity	Instrument	Classification	Unit of Measure	Midwest Generation	Other EME Subsidiaries	EME	Midwest Generation	Other EME Subsidiaries	EME	Other EME Subsidiaries
Electricity	Forwards/Futures	Sales, net	GWh	3,615	—	3,615	1	47	48(2)	—
Electricity	Forwards/Futures	Purchases, net	GWh	—	—	—	—	—	—	492
Electricity	Capacity	Purchases, net	GW-Day(1)	—	—	—	—	—	—	60(3)
Electricity	Congestion	Purchases, net	GWh	—	—	—	—	263	263(4)	268,529(4)
Natural gas	Forwards/Futures	Sales, net	bcf(1)	—	—	—	—	—	—	9.9

(1) gigawatt-hours (GWh); gigawatts-day (GW-Day); billion cubic feet (bcf); cooling degree day (CDD).

(2) These positions adjust financial and physical positions, or day-ahead and real-time positions to reduce costs or increase gross margin. The net sales positions of these categories are primarily related to hedge transactions that are not designated as cash flow hedges.

(3) Hedge transactions for capacity result from bilateral trades. Capacity sold in the PJM Interconnection, LLC Reliability Pricing Model (PJM RPM) auction is not accounted for as a derivative.

(4) Congestion contracts include financial transmission rights, transmission congestion contracts, or congestion revenue rights. These positions are similar to a swap, where the buyer is entitled to receive a stream of revenues (or charges) based on the hourly day-ahead price differences between two locations.

EDISON MISSION ENERGY AND SUBSIDIARIES

MIDWEST GENERATION, LLC AND SUBSIDIARIES

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 6. Derivative Instruments and Hedging Activities (EME, Midwest Generation) (Continued)

EME

Interest Rate Risk Management

EME mitigates the risk of interest rate fluctuations for a number of its project financings by arranging for fixed rate financing or variable rate financing with interest rate swaps, interest rate options, or other hedging mechanisms.

Through July 2013, as a result of the Chapter 11 Cases and the short-term forbearance agreements that had been executed with the lenders and the EME subsidiary borrowers, EME could no longer conclude it was probable that the future interest payments associated with the Viento II Financing would occur. Accordingly, the cash flow hedges associated with these interest rate swaps were prospectively discontinued. Unrealized gains of $1 million and $6 million during the three and nine months ended September 30, 2013, respectively, were recorded in interest expense on the consolidated statements of operations from changes in the fair value of interest rate swaps. In conjunction with the amendment of the Viento II Financing in July 2013, EME entered into new interest rate swaps and re-designated the existing interest rate swaps as cash flow hedges. Interest rate swap termination fees of $6 million were recorded as reduction to derivative liabilities on the consolidated balance sheets. For additional information, see Note 5—Debt and Credit Agreements.

The following table summarizes EME's interest rate swaps:

				Notional Value (in millions)	
	Effective Date	Expiration Date	Fixed Swap Rate Paid	September 30, 2013	December 31, 2012
Project Financing					
Viento Funding II	June 2009	June 2016	3.18%	$ 55	$ 65
Viento Funding II	March 2011	December 2020	3.42%	30	108
Viento Funding II	July 2013	July 2023	3.03%	96	—
Cedro Hill	December 2010	December 2025	4.29%	107	112
Laredo Ridge	March 2011	March 2026	3.46%	63	64
Tapestry	December 2011	December 2021	2.21%	184	189
Broken Bow	December 2012	December 2013	0.83%	46	47
Crofton Bluffs	December 2012	December 2013	0.78%	24	24
Walnut Creek Energy(1)	November 2011	May 2013	0.81%	—	181
Walnut Creek Energy(1)	June 2013	May 2023	3.54%	383	—
WCEP Holdings(1)	July 2011	May 2013	0.79%	—	26
WCEP Holdings(1)	June 2013	May 2023	4.00%	48	—
Forward Starting Swaps					
	December	December			

Broken Bow	2013	2027	2.96%	45	45
Crofton Bluffs	December 2013	December 2027	2.75%	23	23
Tapestry	December 2021	December 2029	3.57%	60	60
Viento Funding II	July 2023	June 2028	4.99%	65	—

(1) During the second quarter of 2013, the existing interest rate swaps for the Walnut Creek Project expired and, in conjunction with the conversion to term loans, the forward starting swaps became effective.

EDISON MISSION ENERGY AND SUBSIDIARIES

MIDWEST GENERATION, LLC AND SUBSIDIARIES

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 6. Derivative Instruments and Hedging Activities (EME, Midwest Generation) (Continued)

Summary of Derivative Instruments

The following table summarizes EME's derivative instruments, including amounts offset by collateral and under master netting agreements:

	September 30, 2013						
	Short Term			Long Term			
(in millions)	Gross	Netting and Collateral	Subtotal	Gross	Netting and Collateral	Subtotal	Net
Assets							
Electricity contracts	$ 96	$ (61)	$ 35	$ 36	$ (17)	$ 19	$ 54
Natural gas contracts	30	(30)	—	4	(4)	—	—
Coal contracts	1	(1)	—	—	—	—	—
Total derivatives subject to a master netting agreement	127	(92)	35	40	(21)	19	54
Total derivatives not subject to a master netting agreement(1)	—	—	—	2	—	2	2
Total assets	$ 127	$ (92)	$ 35	$ 42	$ (21)	$ 21	$ 56
Liabilities							
Electricity contracts	$ 60	$ (60)	$ —	$ 17	$ (17)	$ —	$ —
Natural gas contracts	26	(26)	—	5	(5)	—	—
Coal contracts	1	(1)	—	—	—	—	—
Total derivatives subject to a master netting agreement	$ 87	$ (87)	$ —	$ 22	$ (22)	$ —	$ —
Total derivatives not subject to a master netting agreement(1)	—	—	—	69	—	69	69
Total liabilities	$ 87	$ (87)	$ —	$ 91	$ (22)	$ 69	$ 69

(1) EME's interest rate swaps are not subject to master netting agreements and do not require EME to post collateral.

EDISON MISSION ENERGY AND SUBSIDIARIES

MIDWEST GENERATION, LLC AND SUBSIDIARIES

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 6. Derivative Instruments and Hedging Activities (EME, Midwest Generation) (Continued)

	December 31, 2012						
	Short Term			Long Term			
(in millions)	Gross	Netting and Collateral	Subtotal	Gross	Netting and Collateral	Subtotal	Net
Assets							
Electricity contracts	$ 120	$ (67)	$ 53	$ 52	$ (15)	$ 37	$ 90
Natural gas contracts	33	(33)	—	1	(1)	—	—
Coal contracts	2	(2)	—	—	—	—	—
Total assets	$ 155	$ (102)	$ 53	$ 53	$ (16)	$ 37	$ 90
Liabilities							
Electricity contracts	$ 71	$ (71)	$ —	$ 15	$ (15)	$ —	$ —
Natural gas contracts	36	(36)	—	1	(1)	—	—
Coal contracts	2	(2)	—	—	—	—	—
Total derivatives subject to a master netting agreement	$ 109	$ (109)	$ —	$ 16	$ (16)	$ —	$ —
Total derivatives not subject to a master netting agreement(1)	—	—	—	118	—	118	118
Total liabilities	$ 109	$ (109)	$ —	$ 134	$ (16)	$ 118	$ 118

(1) EME's interest rate swaps are not subject to master netting agreements and do not require EME to post collateral.

EME's subsidiaries have posted $85 million and $61 million cash margin in the aggregate with various counterparties at September 30, 2013 and December 31, 2012, respectively, to support hedging and trading activities. The cash margin posted is required by counterparties as an initial collateral deposit and cannot be offset against the fair value of open contracts except in the event of default. EME's exposure is composed of $42 million and $44 million of net accounts receivable at September 30, 2013 and December 31, 2012, respectively. For positions subject to a master netting agreement, EME is in a net asset position, and in the event of default, cash collateral would be returned to EME. EME did not have any collateral received from counterparties as of September 30, 2013 and December 31, 2012.

EDISON MISSION ENERGY AND SUBSIDIARIES

MIDWEST GENERATION, LLC AND SUBSIDIARIES

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 6. Derivative Instruments and Hedging Activities (EME, Midwest Generation) (Continued)

Income Statement Impact of Derivative Instruments

The following table provides the cash flow hedge activity as part of EME's AOCI:

	Nine Months Ended September 30,			
	2013		2012	
(in millions)	Commodity Contracts	Interest Rate Contracts	Commodity Contracts	Interest Rate Contracts
Beginning of period derivative gains (losses)	$ (1)	$ (118)	$ 35	$ (90)
Effective portion of changes in fair value	(2)	38	3	(35)
Reclassification to operating revenues	3	—	(31)	—
Reclassification to interest expense	—	4	—	—
End of period derivative gains (losses)(1)	$ —	$ (76)	$ 7	$ (125)

(1) Unrealized derivative gains (losses) are before income taxes. Amounts recorded in AOCI include commodity and interest rate contracts. For additional information, see Note 11—Accumulated Other Comprehensive Loss.

EME recorded net gains (losses) of none and $(2) million during the third quarter of 2013 and 2012, respectively, and $(1) million and none during the nine months ended September 30, 2013 and 2012, respectively, in operating revenues on the consolidated statements of operations representing the amount of cash flow hedge ineffectiveness. EME also reclassified $4 million of unrealized losses in AOCI to interest expense on the consolidated statements of operations in the nine months ended September 30, 2013 due to the discontinuation of the Viento II interest rate swaps.

The effect of realized and unrealized gains from derivative instruments used for economic hedging and trading purposes on the consolidated statements of operations is presented below:

		Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions)	Income Statement Location	2013	2012	2013	2012
Economic hedges	Operating revenues	$ (4)	$ 8	$ (6)	$ 25
	Fuel	—	3	—	2
Trading activities	Operating revenues	24	22	66	72

EDISON MISSION ENERGY AND SUBSIDIARIES

MIDWEST GENERATION, LLC AND SUBSIDIARIES

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 6. Derivative Instruments and Hedging Activities (EME, Midwest Generation) (Continued)

Midwest Generation

Summary of Derivative Instruments

The following table summarizes Midwest Generation's commodity short-term derivative instruments for non-trading purposes, including amounts offset by collateral and under master netting agreements:

	September 30, 2013			December 31, 2012		
(in millions)	Gross	Netting and Collateral	Net	Gross	Netting and Collateral	Net
Assets						
Electricity contracts	$ 5	$ (4)	$ 1	$ 12	$ (10)	$ 2
Liabilities						
Electricity contracts	$ 6	$ (4)	$ 2	$ 13	$ (10)	$ 3

Midwest Generation does not have any long-term derivative assets and liabilities at September 30, 2013 and December 31, 2012.

Income Statement Impact of Derivative Instruments

The following table provides the cash flow hedge activity as part of Midwest Generation's AOCI:

	Nine Months Ended September 30,	
(in millions)	2013	2012
Beginning of period derivative gains (losses)	$ (2)	$ 34
Effective portion of changes in fair value	(2)	5
Reclassification to operating revenues	4	(32)
End of period derivative gains (losses)(1)	$ —	$ 7

(1) Unrealized derivative gains (losses) are before income taxes. Amounts recorded in AOCI include commodity contracts. For additional information, see Note 11—Accumulated Other Comprehensive Loss.

Midwest Generation recorded net gains (losses) of none and $(2) million during the third quarter of 2013 and 2012, respectively, and $(1) million and none during the nine months ended September 30, 2013 and 2012, respectively, in operating revenues on the consolidated statements of operations representing the amount of cash flow hedge ineffectiveness.

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 6. Derivative Instruments and Hedging Activities (EME, Midwest Generation) (Continued)

The effect of realized and unrealized gains from derivative instruments used for non-trading purposes on the consolidated statements of operations is presented below:

		Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions)	Income Statement Location	2013	2012	2013	2012
Economic hedges	Operating revenues	$ (4)	$ 8	$ (6)	$ 24
	Fuel	—	3	—	2

Note 7. Income Taxes (EME, Midwest Generation)

EME

Effective Tax Rate

The table below provides a reconciliation of income tax benefit computed at the federal statutory income tax rate to the income tax provision (benefit):

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions)	2013	2012	2013	2012
Loss from continuing operations before income taxes	$ (444)	$ (133)	$ (655)	$ (423)
Benefit for income taxes at federal statutory rate of 35%	$ (155)	$ (47)	$ (229)	$ (148)
Increase (decrease) in income tax from				
State tax—net of federal benefit	(19)	14	(34)	(4)
Change in valuation allowance	193	—	298	—
Production tax credits, net	(15)	(12)	(57)	(48)
Taxes on income allocated to noncontrolling interests	(1)	(1)	(7)	(5)
Other	—	(1)	4	1
Total provision (benefit) for income taxes from continuing operations	$ 3	$ (47)	$ (25)	$ (204)
Effective tax rate	*	35%	4%	48%

* Not meaningful.

Estimated state income tax benefits allocated from EIX for the three and nine months ended September 30, 2013 and 2012 were $(1) million and none, respectively, and $2 million and $7 million, respectively. The benefit for state taxes was lower in 2012 due to an adjustment in state apportionment factors.

EME's right to receive payments under the tax-allocation agreements and the timing and amount of those payments are dependent on the inclusion of EME in the consolidated income tax returns of EIX and other factors, including the amount of consolidated taxable income and net operating loss carryforwards of EIX, and other tax items of EME and other subsidiaries of EIX. In November 2012, EIX modified the tax-allocation agreements to provide for termination of EME's participation on

EDISON MISSION ENERGY AND SUBSIDIARIES

MIDWEST GENERATION, LLC AND SUBSIDIARIES

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 7. Income Taxes (EME, Midwest Generation) (Continued)

December 31, 2013. Termination does not relieve any party of any obligations with respect to any tax year beginning prior to the year of termination. During the third quarter of 2013, EIX filed its federal consolidated tax return for the year 2012. In connection with EIX's finalization of the tax return, EME recorded a non-cash contribution from EIX of $32 million related to tax benefits which EME had previously believed would be used in EIX consolidated tax return on a statutory basis but would not be paid under the tax-allocation agreements. In addition, during the first nine months of 2013, EME received a net tax-allocation payment from EIX of approximately $7 million of which $6 million was treated as an equity contribution as it was a partial payment for tax benefits previously recorded as non-cash distributions. In total, EME recorded contributions from EIX related to the tax-allocation agreements of $38 million during 2013.

Without objectively verifiable evidence supporting the taxable income forecast of the EIX consolidated tax group during 2013, EME is not currently able to determine whether it is more likely than not that future tax-sharing payments will occur. EME's deferred tax asset valuation allowance increased to $742 million at September 30, 2013 from $444 million at December 31, 2012 partially due to $167 million related to an asset impairment charge on the Will County Station recorded during the third quarter of 2013. For additional information, see Note 13—Impairment of Long-Lived Assets.

Tax Dispute

The Internal Revenue Service examination phase of tax years 2003 through 2006, which included a proposed adjustment related to EME, was completed in the fourth quarter of 2010. The proposed adjustment increases the taxable gain on the 2004 sale of EME's international assets, which if sustained, would result in a federal tax payment of approximately $205 million, including approximately $57 million of interest and $42 million in penalties through September 30, 2013. EME disagrees with the proposed adjustment and filed a protest with the Internal Revenue Service in the first quarter of 2011. The appeals process to date has not resulted in a change in the proposed adjustment by the Internal Revenue Service. EME continues to seek resolution through the appeals process and has requested technical advice from the Internal Revenue Service National Office.

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MIDWEST GENERATION, LLC AND SUBSIDIARIES

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 7. Income Taxes (EME, Midwest Generation) (Continued)

Midwest Generation

Effective Tax Rate

The table below provides a reconciliation of income tax benefit computed at the federal statutory income tax rate to the income tax benefit:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions)	2013	2012	2013	2012
Loss before income taxes	$ (472)	$ (19)	$ (619)	$ (102)
Benefit for income taxes at federal statutory rate of 35%	$ (166)	$ (7)	$ (217)	$ (36)
Increase (decrease) in income tax from				
State tax, net of federal benefit	(20)	(1)	(28)	(5)
Change in valuation allowance	183	—	243	—
Other	2	1	2	2
Total benefit for income taxes	$ (1)	$ (7)	$ —	$ (39)
Effective tax rate	*	37%	*	38%

* Not meaningful.

As a result of the recently recognized losses and the indications of expected future losses, Midwest Generation increased its deferred tax valuation allowance to $776 million at September 30, 2013 from $533 million at December 31, 2012. At December 31, 2012, $106 million of tax benefits that would have been collected by Midwest Generation in a hypothetical tax return prepared on a separate return basis but was not collectible under Midwest Generation's tax-allocation agreement were accounted for as non-cash distributions to Midwest Generation's parent. Midwest Generation's tax-allocation agreement only permits the use of net operating losses to offset future taxable income and does not include the right to receive payments.

Note 8. Compensation and Benefit Plans (EME and Midwest Generation, except as noted)

Pension Plans and Postretirement Benefits Other than Pensions

Pension Plans

During the nine months ended September 30, 2013, EME and Midwest Generation made contributions of $8 million and $4 million, respectively, and during the remainder of 2013, expect to make additional contributions of $3 million and $3 million, respectively.

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 8. Compensation and Benefit Plans (EME and Midwest Generation, except as noted) (Continued)

The following were components of pension expense:

	Three Months Ended September 30,					
	2013			2012		
(in millions)	Midwest Generation	Other EME Subsidiaries(1)	EME	Midwest Generation	Other EME Subsidiaries(1)	EME
Service cost	$ 3	$ 1	$ 4	$ 3	$ 1	$ 4
Interest cost	2	1	3	2	1	3
Expected return on plan assets	(3)	(1)	(4)	(2)	(1)	(3)
Net amortization	1	—	1	1	1	2
Total expense	$ 3	$ 1	$ 4	$ 4	$ 2	$ 6

(1) Excludes Homer City.

	Nine Months Ended September 30,					
	2013			2012		
(in millions)	Midwest Generation	Other EME Subsidiaries(1)	EME	Midwest Generation	Other EME Subsidiaries(1)	EME
Service cost	$ 9	$ 2	$ 11	$ 10	$ 2	$ 12
Interest cost	6	3	9	6	3	9
Expected return on plan assets	(8)	(2)	(10)	(7)	(2)	(9)
Net amortization	2	2	4	2	3	5
Total expense	$ 9	$ 5	$ 14	$ 11	$ 6	$ 17

(1) Excludes Homer City.

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MIDWEST GENERATION, LLC AND SUBSIDIARIES

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 8. Compensation and Benefit Plans (EME and Midwest Generation, except as noted) (Continued)

Postretirement Benefits Other Than Pensions

The following were components of postretirement benefits expense:

	Three Months Ended September 30,					
	2013			2012		
(in millions)	Midwest Generation	Other EME Subsidiaries(1)	EME	Midwest Generation	Other EME Subsidiaries(1)	EME
Service cost	$ 0.4	$ 0.2	$ 0.6	$ 0.3	$ 0.4	$ 0.7
Interest cost	0.6	0.4	1.0	0.7	0.4	1.1
Net amortization	0.4	(0.2)	0.2	0.5	(0.2)	0.3
Total expense	$ 1.4	$ 0.4	$ 1.8	$ 1.5	$ 0.6	$ 2.1

(1) Excludes Homer City.

	Nine Months Ended September 30,					
	2013			2012		
(in millions)	Midwest Generation	Other EME Subsidiaries(1)	EME	Midwest Generation	Other EME Subsidiaries(1)	EME
Service cost	$ 1.0	$ 0.8	$ 1.8	$ 1.1	$ 0.8	$ 1.9
Interest cost	1.8	1.2	3.0	2.1	1.2	3.3
Net amortization	1.2	(0.4)	0.8	1.3	(0.3)	1.0
Total expense	$ 4.0	$ 1.6	$ 5.6	$ 4.5	$ 1.7	$ 6.2

(1) Excludes Homer City.

Effective May 1, 2013, Homer City terminated further access and company subsidy of postretirement medical, dental, vision and life insurance coverage. For further discussion, see Note 14—Discontinued Operations.

Transfer of Certain Postretirement Benefits to EIX (EME only)

During 2012, EME transferred the executive deferred compensation and executive postretirement benefit liabilities related to active employees to EIX. EME agreed to fund changes to the projected benefit obligation of the executive postretirement benefits and the employer portion of the executive deferred compensation plan through EME's emergence from bankruptcy. During the nine months ended September 30, 2013, EME funded $3 million in connection with this agreement.

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 9. Commitments and Contingencies (EME and Midwest Generation, except as noted)

Lease Commitments

Powerton and Joliet Sale Leaseback

Covenants in the Powerton and Joliet Sale Leaseback documents include restrictions on the ability of EME and Midwest Generation to, among other things, incur debt, create liens on their property, merge or consolidate, sell assets, make investments, engage in transactions with affiliates, make distributions, make capital expenditures, enter into agreements restricting their ability to make distributions, engage in other lines of business, enter into swap agreements, or engage in transactions for any speculative purpose.

The filing of the Chapter 11 Cases constitutes an event of default under the Powerton and Joliet Sale Leaseback and under instruments governing the Senior Lease Obligation Bonds issued to finance these leases. Prior to the filing of the Chapter 11 Cases, EME and Midwest Generation had entered into a forbearance agreement with the owner-lessors, the owner-lessors' equity owners, and the Certificate Holders. Under the terms of the forbearance agreement, Midwest Generation did not make the scheduled lease payment of $76 million on January 2, 2013, but on February 15, 2013, did pay the ratable portion of the rent due under the leases attributable to the period between December 17, 2012 and January 2, 2013 of $7 million. This forbearance agreement has expired. In June 2013, EME and Midwest Generation agreed, among other things, to make monthly rental payments of $3.75 million beginning in July 2013, in lieu of the scheduled $76 million lease payment due on July 2, 2013. In addition, the Bankruptcy Court approved the extension of the statutory deadline by which the Debtor Entities must assume or reject the Powerton and Joliet leases until December 31, 2013. Upon completion of the NRG Sale, Midwest Generation would assume the Powerton and Joliet leases. EME would retain all liabilities with respect to the payment of the cure amount as set forth in the Asset Purchase Agreement (the Powerton and Joliet Cure Amount). The cure amount would have been approximately $150 million at September 30, 2013. For additional information, see Note 15—Restructuring Activities—NRG Sale.

Each lease sets forth a termination value payable upon certain circumstances, which generally declines over time. A default under the terms of the Powerton and Joliet leases could result in foreclosure and a loss by Midwest Generation of its lease interest in the plant. In addition, under certain circumstances, a default would trigger obligations under EME's guarantee of such leases. These events could have an adverse effect on EME's and Midwest Generation's results of operations and financial position.

Operating Lease Commitments

At September 30, 2013, Midwest Generation had future minimum operating lease payments totaling approximately $4 million, which consists of $1 million for the remainder of 2013, $1 million for 2014, $1 million for 2015, and $1 million for 2016. Future minimum operating lease commitments decreased from December 31, 2012 primarily due to amended contracts and the rejection of executory contracts in connection with the Chapter 11 Cases.

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 9. Commitments and Contingencies (EME and Midwest Generation, except as noted) (Continued)

Other Commitments

Fuel Supply Contracts

At September 30, 2013, Midwest Generation had commitments to purchase coal from third-party suppliers at fixed prices, subject to adjustment clauses. These commitments under existing agreements are estimated to aggregate $336 million, which consists of: $186 million for the remainder of 2013 and $150 million for 2014. Midwest Generation has the right to reject these fuel supply contracts in connection with the Chapter 11 Cases.

Capital Commitments

At September 30, 2013, Midwest Generation had firm commitments to spend approximately $8 million during the remainder of 2013 and $1 million for 2014 for capital expenditures.

Other Contractual Obligations

At September 30, 2013, Midwest Generation had contractual commitments for the purchase of materials used in the operation of environmental controls equipment. These commitments are estimated to aggregate $19 million, which consists of $4 million for the remainder of 2013 and $15 million for 2014.

At September 30, 2013, EME's other subsidiaries had contractual commitments primarily related to turbine operations and maintenance agreements. These commitments are estimated to aggregate $88 million, which consists of $5 million for the remainder of 2013, $31 million for 2014, $27 million for 2015, $17 million for 2016, $7 millionfor 2017, and $1 million thereafter.

Guarantees and Indemnities

EME and certain of its subsidiaries have various financial and performance guarantees and indemnity agreements which are issued in the normal course of business. The contracts discussed below include performance guarantees.

Environmental Indemnities Related to the Midwest Generation Plants

In connection with the acquisition of the Midwest Generation plants, EME and Midwest Generation agreed to indemnify Commonwealth Edison Company (Commonwealth Edison) with respect to specified environmental liabilities before and after December 15, 1999, the date of sale. The indemnification obligations are reduced by any insurance proceeds and tax benefits related to such indemnified claims and are subject to a requirement that Commonwealth Edison takes all reasonable steps to mitigate losses related to any such indemnification claim. Also, in connection with the Powerton and Joliet Sale Leaseback, EME agreed to indemnify the owner-lessors for specified environmental liabilities. These indemnities are not limited in term or amount. Due to the nature of the obligations under these indemnities, a maximum potential liability cannot be determined. Commonwealth Edison has advised EME that Commonwealth Edison believes it is entitled to indemnification for all liabilities, costs, and expenses that it may be required to bear as a result of the litigation discussed below under "—Contingencies—Midwest Generation New Source Review and

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Note 9. Commitments and Contingencies (EME and Midwest Generation, except as noted) (Continued)

Other Litigation," and one of the Powerton-Joliet owner-lessors has made a similar request for indemnification. Except as discussed below, EME and Midwest Generation have not recorded a liability related to these environmental indemnities.

Midwest Generation entered into a supplemental agreement with Commonwealth Edison and Exelon Generation Company LLC on February 20, 2003 to resolve a dispute regarding interpretation of Midwest Generation's reimbursement obligation for asbestos claims under the environmental indemnities set forth in the Asset Sale Agreement. Under this supplemental agreement, Midwest Generation agreed to reimburse Commonwealth Edison and Exelon Generation for 50% of specific asbestos claims pending as of February 2003 and related expenses less recovery of insurance costs and agreed to a sharing arrangement for liabilities and expenses associated with future asbestos-related claims as specified in the agreement. The obligations under this agreement are not subject to a maximum liability. The supplemental agreement had an initial five-year term with an automatic renewal provision for subsequent one-year terms (subject to the right of either party to terminate); pursuant to the automatic renewal provision, the supplemental agreement has been extended until February 2014. There were approximately 276 cases for which Midwest Generation was potentially liable that had not been settled and dismissed at September 30, 2013. Midwest Generation had $53 million recorded in LSTC at September 30, 2013 related to this contractual indemnity. For discussion of LSTC, see Note 15—Restructuring Activities.

Indemnities Related to the Homer City Plant (EME only)

In connection with the 1999 acquisition of the Homer City plant from New York State Electric & Gas Corporation (NYSEG) and Pennsylvania Electric Company (Penelec) (the sellers), Homer City agreed to indemnify the sellers with respect to specified environmental liabilities before and after the date of sale. EME guaranteed this indemnity obligation of Homer City. In connection with Homer City's divestiture of assets to an affiliate of General Electric Capital Corporation (GECC) on December 14, 2012, EME re-affirmed its guaranty to NYSEG and Penelec. Also in connection with the recent asset transfer to the GECC affiliate, all operative documents with respect to Homer City's sale leaseback (including all EME indemnities in favor of the former owner-lessors) were terminated. In connection with the transfer, the GECC affiliate did not assume (and Homer City retained) liabilities for monetary fines and penalties for violations of environmental laws or environmental permits prior to the closing date. EME has not recorded a liability related to this indemnity. For discussion of the New Source Review lawsuit filed against Homer City, see "—Contingencies—Homer City New Source Review and Other Litigation."

Indemnities Provided under Asset Sale and Sale Leaseback Agreements

The asset sale agreements for the sale of EME's international assets contain indemnities from EME to the purchasers, including indemnification for taxes imposed with respect to operations of the assets prior to the sale and for pre-closing environmental liabilities. Not all indemnities under the asset sale agreements have specific expiration dates. At September 30, 2013, EME had $20 million recorded in LSTC related to these matters. For discussion of LSTC, see Note 15—Restructuring Activities.

In connection with the Powerton and Joliet Sale Leaseback and, previously, a sale leaseback transaction related to the Collins Station in Illinois, EME, Midwest Generation, and another wholly

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 9. Commitments and Contingencies (EME and Midwest Generation, except as noted) (Continued)

owned subsidiary of EME entered into tax indemnity agreements. Under certain of these tax indemnity agreements, Midwest Generation, as the lessee in the Powerton and Joliet Sale Leaseback, agreed to indemnify the respective owner-lessors for specified adverse tax consequences that could result from certain situations set forth in each tax indemnity agreement, including specified defaults under the respective leases. Although the Collins Station lease terminated in April 2004, Midwest Generation's indemnities in favor of its former lease equity investors are still in effect. EME provided similar indemnities in the Powerton and Joliet Sale Leaseback. The potential indemnity obligations under these tax indemnity agreements could be significant. Due to the nature of these potential obligations, EME and Midwest Generation cannot determine a range of estimated obligations which would be triggered by a valid claim from the owner-lessors. EME and Midwest Generation have not recorded a liability for these matters.

Other Indemnities

EME and Midwest Generation provide other indemnifications through contracts entered into in the normal course of business. These include, among other things, indemnities for specified environmental liabilities and for income taxes with respect to assets sold. EME's and Midwest Generation's obligations under these agreements may or may not be limited in terms of time and/or amount, and in some instances, EME and Midwest Generation may have recourse against third parties. EME and Midwest Generation cannot determine a range of estimates and have not recorded a liability related to these indemnities.

Contingencies

In addition to the matters disclosed in these notes, EME and Midwest Generation are involved in other legal, tax, and regulatory proceedings before various courts and governmental agencies regarding matters arising in the ordinary course of business. EME and Midwest Generation believe the outcome of these other proceedings, individually and in the aggregate, will not materially affect their results of operations or liquidity.

Midwest Generation New Source Review and Other Litigation

In August 2009, the United States Environmental Protection Agency (US EPA) and the State of Illinois filed a complaint in the United States District Court for the Northern District of Illinois alleging that Midwest Generation or Commonwealth Edison performed repair or replacement projects at six Illinois coal-fired electric generating stations in violation of the Prevention of Significant Deterioration (PSD) requirements and of the New Source Performance Standards of the Clean Air Act (CAA), including alleged requirements to obtain a construction permit and to install controls sufficient to meet best available control technology (BACT) emission rates. The US EPA also alleged that Midwest Generation and Commonwealth Edison violated certain operating permit requirements under Title V of the CAA. Finally, the US EPA alleged violations of certain opacity and particulate matter standards at the Midwest Generation plants. In addition to seeking penalties ranging from $25,000 to $37,500 per violation per day, the complaint called for an injunction ordering Midwest Generation to install controls sufficient to meet BACT emission rates at all units subject to the complaint and other remedies. The remedies sought by the plaintiffs in the lawsuit could go well beyond the requirements of

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Note 9. Commitments and Contingencies (EME and Midwest Generation, except as noted) (Continued)

the Combined Pollutant Standard (CPS). Several Chicago-based environmental action groups intervened in the case.

Nine of the ten PSD claims raised in the complaint have been dismissed, along with claims related to alleged violations of Title V of the CAA, to the extent based on the dismissed PSD claims, and all claims asserted against Commonwealth Edison and EME. The dismissals were affirmed by the Seventh Circuit Court of Appeals in July 2013. The court denied a motion to dismiss a claim by the Chicago-based environmental action groups for civil penalties in the remaining PSD claim but noted that the plaintiffs will be required to convince the court that the statute of limitations should be equitably tolled. The court did not address other counts in the complaint that allege violations of opacity and particulate matter limitations under the Illinois State Implementation Plan and Title V of the CAA. In February 2012, certain of the environmental action groups that had intervened in the case entered into an agreement with Midwest Generation to dismiss without prejudice all of their opacity claims as to all defendants. The agreed upon motion to dismiss was approved by the court on March 26, 2012.

In January 2012, two complaints were filed against Midwest Generation in Illinois state court by residents living near the Crawford and Fisk Stations on behalf of themselves and all others similarly situated, each asserting claims of nuisance, negligence, trespass, and strict liability. The plaintiffs seek to have their suits certified as a class action and request injunctive relief, as well as compensatory and punitive damages. The complaints are similar to two complaints previously filed in the United States District Court for the Northern District of Illinois, which were dismissed in October 2011 for lack of federal jurisdiction. Midwest Generation's motions to dismiss the cases were denied in August 2012, following which the plaintiffs filed amended complaints alleging substantially similar claims and requesting similar relief. Midwest Generation has filed motions to dismiss the amended complaints, and these complaints are stayed as a result of the Chapter 11 Cases.

In October 2012, Midwest Generation and the Illinois Environmental Protection Agency entered into Compliance Commitment Agreements outlining specified environmental remediation measures and groundwater monitoring activities to be undertaken at its Powerton, Joliet, Crawford, Will County, and Waukegan generating stations. Midwest Generation has submitted certification to the Illinois Environmental Protection Agency that all compliance measures have been successfully completed. Also in October 2012, several environmental groups filed a complaint before the Illinois Pollution Control Board against Midwest Generation, alleging violations of the Illinois groundwater standards through the operation of coal ash disposal ponds at its Powerton, Joliet, Waukegan, and Will County generating stations. The complaint requests the imposition of civil penalties, injunctive relief, and remediation. The matter is currently stayed as a result of the Chapter 11 Cases, although that stay was lifted in part in April 2013 so that the proceedings could continue for the sole purpose of adjudicating Midwest Generation's motion to dismiss the complaint. On October 3, 2013, the Pollution Control Board denied Midwest Generation's motion to dismiss the complaint.

In December 2012, the Sierra Club filed a complaint before the Illinois Pollution Control Board against Midwest Generation, alleging violations of sulfur dioxide (SO_2) emissions standards at its Powerton, Joliet, Waukegan, and Will County generating stations. The complaint is based on alleged violations of the US EPA National Ambient Air Quality Standards (NAAQS) regulations for 1-hour SO_2, which have not yet been incorporated into any specific state implementation plan in Illinois. The complaint requests the imposition of civil penalties, injunctive relief, and the imposition of further

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reductions on SO_2 emissions to offset past emissions. The complaint is currently stayed as a result of the Chapter 11 Cases. On October 16, 2013, the Bankruptcy Court heard argument on the Sierra Club's motion to lift the automatic stay. The court took the matter under advisement.

Adverse decisions in these cases could involve penalties, remedial actions, and damages that could have a material impact on the financial condition and results of operations of Midwest Generation and EME. EME cannot predict the outcome of these matters or estimate the impact on the Midwest Generation plants, or EME's and Midwest Generation's results of operations, financial position, or cash flows. EME and Midwest Generation have not recorded a liability for these matters.

Homer City New Source Review and Other Litigation (EME only)

In January 2011, the US EPA filed a complaint in the United States District Court for the Western District of Pennsylvania against Homer City, the sale leaseback owner participants of the Homer City plant, and two prior owners of the Homer City plant. The complaint alleged violations of the PSD and Title V provisions of the CAA as a result of projects in the 1990s performed by prior owners without PSD permits and the subsequent failure to incorporate emissions limitations that meet BACT into the station's Title V operating permit. In addition to seeking penalties ranging from $32,500 to $37,500 per violation per day, the complaint called for an injunction ordering Homer City to install controls sufficient to meet BACT emission rates at all units subject to the complaint and for other remedies. The PADEP, the State of New York, and the State of New Jersey intervened in the lawsuit. In October 2011, all of the claims in the US EPA's lawsuit were dismissed with prejudice. The dismissal was affirmed by the United States Court of Appeals for the Third Circuit in August 2013.

Adverse decisions in this case could involve penalties, remedial actions, and damages. EME cannot predict the outcome of these matters or estimate the impact on its results of operations, financial position, or cash flows. EME has not recorded a liability for these matters.

Environmental Remediation

Legislative and regulatory activities by federal, state, and local authorities in the United States relating to energy and the environment impose numerous restrictions and requirements with respect to the operation of EME's existing facilities, including the Midwest Generation plants, and affect the timing, cost, location, design, construction, and operation of new facilities by EME's subsidiaries, as well as the cost of mitigating the environmental impacts of past operations.

With respect to potential liabilities arising under the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (CERCLA) or similar laws for the investigation and remediation of contaminated property, EME and Midwest Generation accrue a liability to the extent the costs are probable and can be reasonably estimated. Midwest Generation had accrued a probable amount of approximately $8 million at September 30, 2013 for estimated environmental investigation and remediation costs for two stations at the Midwest Generation plants. This estimate is based upon the number of sites, the scope of work, and the estimated costs for investigation and/or remediation where such expenditures could be reasonably estimated. EME and Midwest Generation also have identified sites for which a reasonable estimate cannot be made. Future estimated costs may vary based on changes in regulations or requirements of federal, state or local governmental agencies, changes in

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Note 9. Commitments and Contingencies (EME and Midwest Generation, except as noted) (Continued)

technology, and actual costs of disposal. In addition, future remediation costs will be affected by the nature and extent of contamination discovered at the sites that require remediation. Given the prior history of the operations at its facilities, EME and Midwest Generation cannot be certain that the existence or extent of all contamination at its sites has been fully identified.

Chevron Adversary Proceeding (EME only)

In December 2012, Chevron Kern River Company and Chevron Sycamore Cogeneration Company filed a complaint against Southern Sierra Energy Company and Western Sierra Energy in the Chapter 11 Cases. The plaintiffs and defendants are partners in the Kern River and Sycamore projects. The complaint alleged that the filing of the Chapter 11 Cases constituted a default under the partnership agreements related to those projects, entitling the defendants to expel the plaintiffs from the partnerships and pay for their interests at a price based on the net book value of the partnerships, and sought a declaratory judgment, injunctive relief, and relief from the automatic stay in support of those alleged remedies. In January 2013, the Bankruptcy Court denied the plaintiffs' request for relief from the automatic stay and a preliminary injunction. The plaintiffs filed a notice of appeal, and the defendants moved to stay proceedings until the plaintiffs' appeal was decided. In September 2013, the U.S. District Court issued an order denying the plaintiffs' request for leave to appeal the denial of the preliminary injunction, and permitting their appeal from denial of the motion for relief from the automatic stay.

Note 10. Environmental Developments (EME, Midwest Generation)

Midwest Generation Environmental Compliance Plans and Costs

On April 4, 2013, Midwest Generation was granted a variance, subject to various conditions, by the Illinois Pollution Control Board from the CPS system-wide annual SO_2 emission rate in 2015 and 2016 and an extension of the Waukegan Unit 8 unit specific retrofit requirements from December 31, 2014 until May 31, 2015. Among the conditions of the variance, the Illinois Pollution Control Board accelerated the unit specific retrofit requirements of Powerton Unit 6 to December 31, 2014 and required the retrofitting of Waukegan Unit 7 by December 31, 2014. Midwest Generation has accepted the variance. As a result of the variance, it is more likely that Midwest Generation will install environmental controls at Waukegan Unit 7, which had been impaired from an accounting perspective during the fourth quarter of 2011. If Midwest Generation ultimately decides to install environmental controls at Waukegan Unit 7, less of Midwest Generation's available liquidity will be available to install environmental controls at other units. The likelihood of installation of environmental controls at each station is a key judgment used in developing probability weighted undiscounted cash flows for the purposes of impairment testing under ASC 360. For information on the impairment charge relating to the Will County Station, see Note 13—Impairment of Long-Lived Assets. Decreases in the expected likelihood of installing environmental controls or other decreases in expected future cash flows at Midwest Generation's remaining plants could result in additional impairment charges.

EDISON MISSION ENERGY AND SUBSIDIARIES

MIDWEST GENERATION, LLC AND SUBSIDIARIES

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 10. Environmental Developments (EME, Midwest Generation) (Continued)

The following table summarizes Midwest Generation's carrying value for the Midwest Generation plants:

(in millions)	September 30, 2013
Joliet Station(1)	$ 674
Powerton Station	802
Fleet assets	66
Property, Plant and Equipment, net	$ 1,542

(1) The Joliet Station is composed of Units 6, 7, and 8.

Greenhouse Gas Regulation

In September 2013, the US EPA issued proposed regulations governing greenhouse gas (GHG) emissions from new electric generating stations. The US EPA intends to issue proposed GHG emission standards for reconstructed and existing electric generating stations in June 2014 and to promulgate such standards in June 2015. States would be required to submit their implementation plans responding to such guidelines to the US EPA one year after the regulations are promulgated.

Greenhouse Gas Litigation

In April 2013, the United States Court of Appeals for the Fifth Circuit dismissed, as to EME and three wholly owned EME subsidiaries, the plaintiffs' appeal of the Mississippi federal district court's dismissal of a lawsuit filed in March 2012 against a large number of defendants (including EME and the three subsidiaries). The plaintiffs had alleged that defendants' activities resulted in emissions of substantial quantities of GHG that have contributed to climate change and sea level rise, which in turn were alleged to have increased the destructive force of Hurricane Katrina.

In May 2013, the United States Supreme Court declined to review the dismissal by the United States Court of Appeals for the Ninth Circuit of a case brought against EME's parent company, EIX, and other defendants, by the Alaskan Native Village of Kivalina.

Cross-State Air Pollution Rule

The U.S. Supreme Court has agreed to review the United States Court of Appeals for the District of Columbia Circuit's August 2012 decision, which vacated the US EPA's Cross-State Air Pollution Rule and directed the US EPA to continue administering the Clean Air Interstate Rule pending the promulgation of a valid replacement.

Water Quality

Regulations under the Clean Water Act that would affect cooling water intake structures at generating facilities, previously expected to be finalized by June 2013, are now expected in November 2013.

In June 2013, the US EPA proposed changes to the Steam Electric Guideline Regulation which sets discharge limits for various operations which discharge to waters of the United States. EME is reviewing the proposed rule and intends to provide comments. The rule is scheduled for issuance by May 2014.

EDISON MISSION ENERGY AND SUBSIDIARIES

MIDWEST GENERATION, LLC AND SUBSIDIARIES

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 11. Accumulated Other Comprehensive Loss (EME, Midwest Generation)

EME

EME's AOCI, net of tax and including discontinued operations, consisted of:

(in millions)	Unrealized Gains and Losses on Cash Flow Hedges	Unrecognized Loss and Prior Service Adjustments, Net(1)	Valuation Allowance on Deferred Tax Asset	AOCI
Balance at December 31, 2012	$ (76)	$ (56)	$ (6)	$ (138)
OCI before reclassifications	23	(2)	—	21
Amount reclassified from AOCI	5	3	—	8
Balance at September 30, 2013(2)	$ (48)	$ (55)	$ (6)	$ (109)

(1) For further detail, see Note 8—Compensation and Benefit Plans.

(2) EME and Midwest Generation both expect to reclassify unrealized losses on cash flow hedges into earnings in the next 12 months. For further explanation, see "—Unrealized Losses on Cash Flow Hedges."

The after-tax amounts recorded in AOCI at September 30, 2013 and December 31, 2012 for commodity contracts were losses of none and $1 million, respectively, and for interest rate contracts were losses of $48 million and $75 million, respectively. EME's significant items reclassified out of AOCI and the effect on the statement of operations consisted of:

(in millions)	Three Months Ended September 30,	Nine Months Ended September 30,	Affected Line Item in the Statement of Operations
Unrealized gains and losses on cash flow hedges			
Electricity commodity hedges	$ (5)	$ (4)	Operating revenues
Interest rate contracts	(6)	(4)	Interest expense
Tax benefit	4	3	Benefit for income taxes
Total, net	$ (7)	$ (5)	Net loss
Amortization of retirement benefit items			
Unamortized prior service cost on terminated plan	$ —	$ (2)	Plant operations and administrative and general(1)
Actuarial losses	(2)	(3)	Plant operations and administrative and general(1)
Tax benefit	1	2	Benefit for income taxes
Total, net	$ (1)	$ (3)	Net loss

(1) For the three and nine months ended September 30, 2013, $1 million and $3 million were reclassified from AOCI to plant operations, respectively, and $1 million and $2 million from AOCI to administrative and general expenses, respectively.

EDISON MISSION ENERGY AND SUBSIDIARIES

MIDWEST GENERATION, LLC AND SUBSIDIARIES

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 11. Accumulated Other Comprehensive Loss (EME, Midwest Generation) (Continued)

Midwest Generation

Midwest Generation's AOCI, net of tax, consisted of:

(in millions)	Unrealized Gains and Losses on Cash Flow Hedges	Unrecognized Loss and Prior Service Adjustments, Net(1)	Valuation Allowance on Deferred Tax Asset	AOCI
Balance at December 31, 2012	$ (1)	$ (37)	$ (12)	$ (50)
OCI before reclassifications	(1)	—	—	(1)
Amount reclassified from AOCI	2	2	—	4
Balance at September 30, 2013	$ —	$ (35)	$ (12)	$ (47)

(1) For further detail, see Note 8—Compensation and Benefit Plans.

Midwest Generation's significant items reclassified out of AOCI and the effect on the statement of operations consisted of:

(in millions)	Three Months Ended September 30,	Nine Months Ended September 30,	Affected Line Item in the Statement of Operations
Unrealized gains and losses on cash flow hedges			
Electricity commodity hedges	$ (5)	$ (4)	Operating revenues
Tax benefit	2	2	Benefit for income taxes
Total, net	$ (3)	$ (2)	Net loss
Amortization of retirement benefit items			
Prior services costs	$ —	$ (1)	Plant operations
Actuarial losses	(1)	(2)	Plant operations
Tax benefit	—	1	Benefit for income taxes
Total, net	$ (1)	$ (2)	Net loss

Unrealized Losses on Cash Flow Hedges (EME, Midwest Generation)

At September 30, 2013, unrealized losses on cash flow hedges, net of tax, consisted of futures and forward electricity contracts that qualify for hedge accounting. These losses arise because current forecasts of future electricity prices are higher than the contract prices. Unrealized losses on cash flow hedges that are expected to be reclassified into earnings during the next 12 months are immaterial as volumes have declined and the maximum period over which commodity cash flow hedges are designated is December 31, 2013. Management expects that reclassification of net unrealized losses will decrease energy revenues recognized at market prices.

EDISON MISSION ENERGY AND SUBSIDIARIES

MIDWEST GENERATION, LLC AND SUBSIDIARIES

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 12. Supplemental Cash Flows Information (EME, Midwest Generation)

EME

Supplemental cash flows information for EME, including discontinued operations, consisted of the following:

	Nine Months Ended September 30,	
(in millions)	2013	2012
Cash paid (received)		
Interest (net of amount capitalized)(1)	$ 38	$ 156
Income taxes	(12)	168
Cash payments under plant operating leases	18	199
Non-cash contribution from EIX(2)	32	—
Non-cash activities from vendor financing	$ 7	$ 8

(1) Interest paid by EME for September 30, 2013 and 2012 was $45 million and $178 million, respectively. Interest capitalized by EME for September 30, 2013 and 2012 was $7 million and $22 million, respectively.

(2) During 2013, the non-cash contribution from EIX relates to the tax-allocation agreements. For further information, see Note 7—Income Taxes—EME—Effective Tax Rate.

EME's accrued capital expenditures at September 30, 2013 and 2012 were $3 million and $17 million, respectively. Accrued capital expenditures will be included as an investing activity in the consolidated statements of cash flows in the period paid.

Midwest Generation

Supplemental cash flows information for Midwest Generation consisted of the following:

	Nine Months Ended September 30,	
(in millions)	2013	2012
Cash paid		
Interest	$ 13	$ 36

Midwest Generation's accrued capital expenditures at both September 30, 2013 and 2012 were $3 million and $2 million, respectively. Accrued capital expenditures will be included as an investing activity on the consolidated statements of cash flows in the period paid.

Note 13. Impairment of Long-Lived Assets (EME, Midwest Generation)

In connection with the preparation of its financial statements in the third quarter of 2013, Midwest Generation concluded, based on continued low realized energy and capacity prices, high fuel costs and

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MIDWEST GENERATION, LLC AND SUBSIDIARIES

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 13. Impairment of Long-Lived Assets (EME, Midwest Generation) (Continued)

low generation and further analysis of its capital allocation strategy, that indicators of potential impairment existed for its Will County Station and an impairment evaluation was performed.

The long-lived asset group that was subject to the impairment evaluation was determined to include the property, plant and equipment of the station. Management updated the probability weighted future undiscounted cash flows expected to be received at the Will County Station and concluded that such amounts did not recover its carrying amount. Forecasted commodity prices and plant dispatch levels are the most significant input into the cash flow estimates. However, as part of these alternative cash flow scenarios, management considered a shortened estimated useful life of the station if environmental improvements were not made.

To measure the amount of the impairment loss, management used the market approach which considers sales of similar facilities and numerous recent decisions by other power generators to shut down similar coal plants rather than install additional equipment corroborated by the income approach which considers discounted cash flows. This resulted in an impairment charge related to the Will County Station of $464 million. The estimated fair value of zero for the Will County Station was determined using both observable inputs and unobservable inputs, which are Level 3 inputs as defined by accounting guidance for fair value measurements. These inputs included a range of zero to $169 per kilowatt hour of recent transactions for scrubbed coal plants in similar markets.

Note 14. Discontinued Operations (EME only)

In September 2012, Homer City, a wholly owned indirect subsidiary of EME, and Homer City Generation, L.P., an affiliate of GECC, entered into the Homer City Master Transaction Agreement (MTA) for the divestiture by Homer City of substantially all of its remaining assets and certain specified liabilities. Accordingly, in the third quarter of 2012, Homer City met the definition of a discontinued operation and was classified separately on EME's consolidated financial statements. In December 2012, the transaction closed and Homer City Generation, L.P. assumed control of Homer City. On May 2, 2013, the Homer City Debtors filed voluntary petitions for relief under Chapter 11 of the Bankruptcy Code. For further discussion, see Note 15—Restructuring Activities and Note 16—Condensed Combined Debtors' Financial Information.

Effective May 1, 2013, Homer City withdrew from the benefit plan that provided postretirement medical, dental, vision, and life insurance coverage to certain Homer City retirees, effectively terminating access and company subsidy for these programs. Employees who were eligible for the plan continued to receive coverage for these benefits up to June 30, 2013. As a result of the withdrawal from the plan, EME recorded a pre-tax gain of approximately $30 million in income (loss) from operations of discontinued subsidiaries on the consolidated statements of operations.

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MIDWEST GENERATION, LLC AND SUBSIDIARIES

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 14. Discontinued Operations (EME only) (Continued)

Summarized results of discontinued operations are:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions)	2013	2012	2013	2012
Total operating revenues	$ —	$ 121	$ —	$ 303
Total operating expenses	—	(138)	29	(385)
Asset impairments and other charges	—	(113)	—	(134)
Other income (expense)	(1)	5	—	7
Income (loss) before income taxes	(1)	(125)	29	(209)
Provision (benefit) for income taxes	—	(49)	13	(80)
Income (loss) from operations of discontinued subsidiaries	$ (1)	$ (76)	$ 16	$ (129)

The assets and liabilities associated with the discontinued operations are segregated on the consolidated balance sheets are:

(in millions)	September 30, 2013	December 31, 2012
Cash and cash equivalents	$ —	$ 2
Other current assets	—	7
Carrying value adjustment	—	(9)
Assets of discontinued operations	$ —	$ —

Note 15. Restructuring Activities (EME, Midwest Generation)

LSTC

EME's LSTC are summarized below:

(in millions)	September 30, 2013	December 31, 2012
Senior notes, net	$ 3,700	$ 3,700
Accounts payable and accrued liabilities	52	32
Interest payable	154	154
Other	73	73
Total liabilities subject to compromise	$ 3,979	$ 3,959

In connection with the filing of the Chapter 11 Cases, EME classified both its $3.7 billion unsecured senior notes and $154 million of accrued interest related to the unsecured senior notes as LSTC and ceased accruing interest expense. The accrued interest reclassified to LSTC primarily relates to $97 million and $38 million of interest payments that were due on November 15 and December 17,

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 15. Restructuring Activities (EME, Midwest Generation) (Continued)

2012, respectively, that EME did not make. Unpaid contractual interest for the three and nine months ended September 30, 2013 was $70 million and $211 million, respectively.

Midwest Generation's LSTC are summarized below:

(in millions)	September 30, 2013	December 31, 2012
Lease financing	$ 434	$ 434
Accounts payable and accrued liabilities	42	29
Interest payable	13	13
Other	53	53
Total liabilities subject to compromise	$ 542	$ 529

In connection with the filing of the Chapter 11 Cases, Midwest Generation classified $13 million of accrued interest due on the Powerton and Joliet Sale Leaseback as LSTC but did not cease accruing interest expense. Upon closing of the NRG Sale, approximately $32 million of LSTC will be transferred from Midwest Generation to EME. For further discussion, see Note 9—Commitments and Contingencies—Lease Commitments.

Claims

The Bankruptcy Court established June 17, 2013 and October 29, 2013 as the bar date for filing proofs of claim against the Initial Debtors and Homer City Debtors estates, respectively.

As of the date of this filing, EME and Midwest Generation have received 1,996 and 333 proofs of claim, respectively. New and amended claims may be filed in the future, including claims amended to assign value to claims originally filed with no value. EME and Midwest Generation are in the process of reconciling such claims to the amounts listed in LSTC. LSTC have been recorded based on the expected probable claim, which is subject to judgment and could change as new information develops during the reconciliation process. Differences in liability amounts estimated and claims filed by creditors have been and will continue to be investigated and resolved, including the filing of objections with the Bankruptcy Court as appropriate. Through this process, EME and Midwest Generation may identify that additional liabilities need to be recorded as LSTC and the Bankruptcy Court may determine that liabilities currently estimated as part of LSTC are without merit. The claims resolution process may take considerable time to complete. The resolution of such claims could result in material adjustments to EME or Midwest Generation's financial statements. Determination of how liabilities will ultimately be treated cannot be made until the Bankruptcy Court approves a plan of reorganization. Accordingly, the ultimate amount or treatment of such liabilities is not determinable at this time.

Reorganization Items

Reorganization items represent the direct and incremental costs of bankruptcy, such as professional fees, LSTC claim adjustments, and losses related to terminated contracts that are probable and can be estimated. Professional fees primarily relate to legal and other consultants working directly on the bankruptcy filing.

EDISON MISSION ENERGY AND SUBSIDIARIES

MIDWEST GENERATION, LLC AND SUBSIDIARIES

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 15. Restructuring Activities (EME, Midwest Generation) (Continued)

EME's and Midwest Generation's significant items in reorganization charges consisted of:

	Three Months Ended September 30, 2013			Nine Months Ended September 30, 2013		
(in millions)	Midwest Generation	Other EME Subsidiaries	EME	Midwest Generation	Other EME Subsidiaries	EME
Provision for allowable claims	$ —	$ —	$ —	$ 19	$ —	$ 19
Professional fees	5	19	24	20	60	80
Reorganization items, net	$ 5	$ 19	$ 24	$ 39	$ 60	$ 99

EME incurred professional fees included in reorganization items, net of $7 million and $9 million for the three and nine months ended September 30, 2012, respectively.

Cost Reduction Activities

EME eliminated approximately 150 positions in its regional and corporate offices and generating stations in April 2013, including 120 positions at Midwest Generation. EME recorded charges of approximately $7 million, and Midwest Generation recorded its share of these charges, a total of $5 million, in administrative and general expense on their respective consolidated statements of operations in the second quarter of 2013.

NRG Sale

On October 18, 2013, EME, Midwest Generation, and certain other Debtor Entities entered into a Plan Sponsor Agreement (the PSA) with NRG Energy, Inc. (NRG), NRG Holdings Inc., the Official Committee of Unsecured Creditors appointed in the Chapter 11 Cases, the counterparties to the Powerton and Joliet Sale Leaseback and certain of EME's noteholders that are signatories to the PSA, that provides for the parties to support and pursue confirmation by the Bankruptcy Court of a chapter 11 plan (the Plan), that will implement a reorganization of the Debtor Entities through a sale of substantially all of the assets of EME to NRG pursuant to an Asset Purchase Agreement (the Acquisition Agreement). The PSA contains representations, warranties and covenants of the parties to support and pursue confirmation of the Plan.

The Acquisition Agreement between EME, NRG and NRG Energy Holdings Inc. (the Purchaser), a wholly owned subsidiary of NRG, provides for the sale of substantially all of EME's assets, including the outstanding equity interests in certain of EME's direct subsidiaries (and thereby such subsidiaries' assets and liabilities), EME's cash and cash equivalents and EME's interest in substantially all of the other assets used in the operation of EME's and its subsidiaries' businesses (the Acquired Assets) to the Purchaser upon Bankruptcy Court confirmation and consummation of the Plan. Upon closing, the Purchaser will assume substantially all of the liabilities related to the Acquired Assets, including, among other things, (i) all liabilities of EME under the Powerton and Joliet leases, other than the Powerton and Joliet Cure Amount; (ii) all trade and vendor accounts payable and accrued liabilities arising from the operation of the Debtor Entities' businesses prior to the date of the closing of the transaction; and (iii) all cure amounts and other liabilities of the Debtor Entities other than the Homer City Debtors and certain agreed-upon excluded liabilities.

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 15. Restructuring Activities (EME, Midwest Generation) (Continued)

In particular, with respect to the Powerton and Joliet leases, at the closing of the transaction, NRG would (i) replace the existing EME guarantees with NRG guarantees; (ii) replace EME as a party to the tax indemnity agreements relating to the Powerton and Joliet leases; and (iii) covenant to make a capital investment in the Powerton and Joliet Stations, provided that NRG will not be obligated to make capital investments in excess of $350 million.

In consideration of the foregoing, at the closing of the transaction, EME would retain all liabilities with respect to the payment of the Powerton and Joliet Cure Amount and would be responsible for bearing the costs of such cure payment for all amounts due under the lease before January 2, 2014. In addition, the intercompany note issued by EME for the benefit of Midwest Generation, would be canceled, Midwest Generation would assume the Powerton and Joliet leases and the other operative documents related thereto, as modified by mutual agreement of the parties, and all monetary defaults under each lease would be cured at closing.

The Acquired Assets do not include, among other things, (i) the Homer City Debtors, (ii) potential litigation claims of EME against its parent, EIX or (iii) various tax attributes of EME, including tax losses, tax loss carryforwards, tax credits and tax refunds. Pursuant to the Acquisition Agreement, the total purchase price to be paid by the Purchaser for the Acquired Assets is $2.635 billion, subject to certain adjustments provided in the Acquisition Agreement, as well as the assumption of certain indebtedness of EME's subsidiaries and other liabilities. The Acquisition Agreement provides for $350 million of the total purchase price to be paid in the form of 12,671,977 newly issued shares of NRG's common stock to be registered with the Securities and Exchange Commission on a Form S-1 Registration Statement (the Registration Statement) and the remainder to be paid in cash.

The Plan generally provides for each of EME's unsecured creditors to receive a pro rata portion of the NRG stock and cash consideration to be paid by the Purchaser to EME under the Acquisition Agreement (less certain distributions to be paid to other creditors of EME).

The Acquisition Agreement contains various closing conditions including, among other things, (i) the confirmation of a Plan of Reorganization and the entry of a Confirmation Order by the Bankruptcy Court; (ii) receipt of applicable government approvals, including FERC approval and the expiration of the waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976; and (iii) the declaration of effectiveness of the Registration Statement for, and the approval for listing on the New York Stock Exchange of, the common stock to be issued as a portion of the purchase price. The Acquisition Agreement contains certain representations and warranties made by EME, NRG and the Purchaser. There are also various pre-closing and post-closing covenants binding on the parties.

Under the Acquisition Agreement, EME is permitted to solicit other competing acquisition proposals through December 6, 2013 and EME has agreed not to solicit or encourage competing acquisition proposals after this date.

The Acquisition Agreement provides specific termination rights to each party, which include a right to terminate if certain milestone dates are not met, for material breaches of the Acquisition Agreement not cured within a specified period or if EME enters into or seeks approval of a superior proposal. EME may terminate the deal to enter into a superior proposal at any time prior to entry of a Confirmation Order. Under specified circumstances, NRG will be entitled to receive a cash fee of

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MIDWEST GENERATION, LLC AND SUBSIDIARIES

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 15. Restructuring Activities (EME, Midwest Generation) (Continued)

$65 million, and expense reimbursement of all reasonable and documented out-of-pocket expenses, if the Acquisition Agreement is terminated.

Note 16. Condensed Combined Debtors' Financial Information (EME only)

The financial statements below represent the condensed combined financial statements of the Debtor Entities. Subsidiaries of EME that are not Debtor Entities are accounted for as non-consolidated subsidiaries in these financial statements. Therefore, their net income is included as "Equity in income of non-Debtor Entities, net of tax" in the Debtor Entities' Statement of Operations and their net assets are included as "Investment in non-debtor entities" in the Debtor Entities' Statement of Financial Position.

Intercompany transactions among the Debtor Entities have been eliminated in the condensed combined financial statements of the Debtor Entities contained here.

Debtor Entities' Condensed Combined Statement of Operations

(in millions)	Three Months Ended September 30, 2013	Nine Months Ended September 30, 2013
Operating revenues	$ 234	$ 620
Operating expenses	(719)	(1,256)
Other income	26	45
Reorganization items, net	(24)	(99)
Provision for income taxes	(4)	(110)
Income from Operations of Discontinued Subsidiaries, net of tax	—	19
Net loss attributable to Debtor Entities	$ (487)	$ (781)
Equity in income of non-Debtor Entities, net of tax	32	146
Net loss	$ (455)	$ (635)

Debtor Entities' Condensed Combined Statement of Comprehensive Loss

(in millions)	Three Months Ended September 30, 2013	Nine Months Ended September 30, 2013
Net loss	$ (455)	$ (635)
Other comprehensive loss, net of tax	—	29
Comprehensive Loss	$ (455)	$ (606)

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MIDWEST GENERATION, LLC AND SUBSIDIARIES

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 16. Condensed Combined Debtors' Financial Information (EME only) (Continued)

Debtor Entities' Condensed Combined Statement of Financial Position

(in millions)	September 30, 2013	December 31, 2012
Total current assets	$ 836	$ 638
Investments in unconsolidated affiliates	171	152
Property, Plant and Equipment, less accumulated depreciation of $894 and $845 at respective dates	911	1,428
Investment in non-Debtor Entities	2,057	2,019
Total other assets	886	974
Total assets	$ 4,861	$ 5,211

(in millions)	September 30, 2013	December 31, 2012
Total current liabilities	$ 240	$ 94
Liabilities subject to compromise	3,979	3,959
Deferred taxes	123	131
Other long-term liabilities	259	295
Total liabilities	$ 4,601	$ 4,479
Total equity	260	732
Total liabilities and equity	$ 4,861	$ 5,211

Debtor Entities' Condensed Combined Statement of Cash Flows

(in millions)	Nine Months Ended September 30, 2013
Operating cash flows from continuing operations	$ 20
Operating cash flows from discontinued operations, net	(2)
Net cash provided by operating activities	18
Net cash provided by financing activities	218
Net cash provided by investing activities	14
Net increase in cash and cash equivalents from continuing operations	252
Cash and cash equivalents at beginning of period from continuing operations	425
Cash and cash equivalents at end of period from continuing operations	677
Net decrease in cash and cash equivalents from discontinued operations	(2)
Cash and cash equivalents at beginning of period from discontinued operations	2
Cash and cash equivalents at end of period from discontinued operations	—
Cash paid for reorganization items, net	$ 54

NRG Energy, Inc.

12,671,977 Shares of Common Stock

PRELIMINARY PROSPECTUS

December , 2013

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 13. Other Expenses of Issuance and Distribution.

The following table sets forth the costs and expenses payable by the Registrant in connection with the sale of Common Stock being registered. All amounts are estimates except for the SEC registration fee and The New York Stock Exchange fee.

Item	Amount to be paid
SEC registration fee	$ 45,080
The New York Stock Exchange fee	24,077
Legal fees and expenses	300,000
Accounting fees and expenses	35,000
Transfer Agent fees and expenses	25,000
Miscellaneous expenses	150,000
Total	$ 579,157

Item 14. Indemnification of Directors and Officers.

Section 145(a) of the Delaware General Corporation Law provides that a corporation shall have the power to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation) by reason of the fact that such person is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding if such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe such person's conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that such person did not act in good faith and in a manner which such person reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that such person's conduct was unlawful.

Section 145(b) of the Delaware General Corporation Law provides that a corporation shall have the power to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that such person is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection with the defense or settlement of such action or suit if such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the corporation and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the corporation unless and only to the extent that the Delaware Court of Chancery or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the

case, such person is fairly and reasonably entitled to indemnity for such expenses which the Delaware Court of Chancery or such other court shall deem proper.

Section 145(c) of the Delaware General Corporation Law provides that to the extent that a present or former director or officer of a corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in Section 145(a) and (b), or in defense of any claim, issue or matter therein, such person shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection therewith.

Section 145(d) of the Delaware General Corporation Law provides that any indemnification under Section 145(a) and (b) (unless ordered by a court) shall be made by the corporation only as authorized in the specific case upon a determination that indemnification of the present or former director, officer, employee or agent is proper in the circumstances because such person has met the applicable standard of conduct set forth in Section 145(a) and (b). Such determination shall be made with respect to a person who is a director or officer at the time of such determination (1) by a majority vote of the directors who were not parties to such action, suit or proceeding, even though less than a quorum, or (2) by a committee of such directors designated by majority vote of such directors, even though less than a quorum, or (3) if there are no such directors, or if such directors so direct, by independent legal counsel in a written opinion, or (4) by the stockholders.

Section 145(e) of the Delaware General Corporation Law provides that expenses (including attorneys' fees) incurred by an officer or director of the corporation in defending any civil, criminal, administrative or investigative action, suit or proceeding may be paid by the corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of such director or officer to repay such amount if it shall ultimately be determined that such person is not entitled to be indemnified by the corporation as authorized in Section 145. Such expenses (including attorneys' fees) incurred by former directors and officers or other employees and agents of the corporation or by persons serving at the request of the corporation as directors, officers, employees or agents of another corporation, partnership, joint venture, trust or other enterprise may be so paid upon such terms and conditions, if any, as the corporation deems appropriate.

Section 145(f) of the Delaware General Corporation Law provides that the indemnification and advancement of expenses provided by, or granted pursuant to, Section 145 shall not be deemed exclusive of any other rights to which those seeking indemnification or advancement of expenses may be entitled under any bylaw, agreement, vote of stockholders or disinterested directors or otherwise, both as to action in such person's official capacity and as to action in another capacity while holding such office. A right to indemnification or to advancement of expenses arising under a provision of the certificate of incorporation or a bylaw shall not be eliminated or impaired by an amendment to the certificate of incorporation or the bylaws after the occurrence of the act or omission that is the subject of the civil, criminal, administrative or investigative action, suit or proceeding for which indemnification or advancement of expenses is sought, unless the provision in effect at the time of such act or omission explicitly authorizes such elimination or impairment after such action or omission has occurred.

Section 145(g) of the Delaware General Corporation Law provides that a corporation shall have the power to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against such person and incurred by such person in any such capacity, or arising out of such person's capacity as such, whether or not the corporation would have the power to indemnify such person against such liability under Section 145.

NRG Energy, Inc. Amended and Restated Certificate of Incorporation and By-laws

The Amended and Restated Certificate of Incorporation of the Registrant provides, to the fullest extent permitted by Delaware law and except as otherwise provided in its by-laws, no director of the Registrant shall be liable to it or its stockholders for monetary damages for breach of fiduciary duty. Furthermore, the Second Amended and Restated By-laws of the Registrant provide that each person who was or is made a party or is threatened to be made a party to or is otherwise involved (including involvement as a witness) in any action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he or she is or was a director or officer of the Registrant or a wholly owned subsidiary of the Registrant or, while a director or officer of the Registrant or a wholly owned subsidiary of the Registrant, is or was serving at the request of the Registrant or a wholly owned subsidiary of the Registrant as a director, officer, employee, partner, member, manager, trustee, fiduciary or agent of another corporation or of a partnership, joint venture, limited liability company, trust or other entity or enterprise, including service with respect to an employee benefit plan (an "indemnitee"), shall be indemnified and held harmless by the Registrant to the fullest extent authorized by Delaware Law, against all expense, liability and loss (including attorneys' fees, judgments, fines, excise taxes or penalties and amounts paid in settlement) reasonably incurred or suffered by such indemnitee in connection therewith, and such indemnification shall continue as to an indemnitee who has ceased to be a director, officer, employee, partner, member, manager, trustee, fiduciary or agent and shall inure to the benefit of the indemnitee's heirs, executors and administrators. This right of indemnification includes the Registrant's obligation to provide an advance of expenses, although the indemnitee may be required to repay such an advance if there is a judicial determination that the indemnitee was not entitled to the indemnification.

The Second Amended and Restated By-laws of the Registrant also permits the Registrant to purchase and maintain insurance on its own behalf and on behalf of any other person who is or was a director, officer, employee or agent of the Registrant or a subsidiary of the Registrant or was serving at request of the Registrant or a subsidiary of the Registrant.

Item 15. Recent Sales of Unregistered Securities.

Not applicable.

Item 16. Exhibits and Financial Statement Schedules.

(a) Exhibits. See the Exhibit Index attached to this registration statement, which is incorporated by reference herein.

(b) Financial Statement Schedules. Schedules not listed above have been omitted because the information required to be set forth therein is not applicable or is shown in the financial statements or notes thereto.

Item 17. Undertakings.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the Registrant pursuant to the foregoing provisions, or otherwise, the Registrant has been advised that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act, and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer, or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the

question of whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

The undersigned Registrant hereby undertakes that:

1. To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement to:

   (i) include any prospectus required by section 10(a)(3) of the Securities Act;

   (ii) reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20 percent change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement; and

   (iii) include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement.

2. For the purpose of determining any liability under the Securities Act, each post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

3. To remove from registration by means of post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

4. For the purpose of determining liability under the Securities Act of 1933 to any purchaser, if the Registrant is subject to Rule 430C, each prospectus filed pursuant to Rule 424(b) as part of a registration statement relating to an offering, other than registration statements relying on Rule 430B or other than prospectuses filed in reliance on Rule 430A, shall be deemed to be part of and included in the registration statement as of the date it is first used after effectiveness; provided, however, that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such first use, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such date of first use.

5. For the purpose of determining liability of the registrant under the Securities Act to any purchaser in the initial distribution of the securities, the undersigned Registrant undertakes that in a primary offering of securities of the undersigned Registrant pursuant to this registration statement, regardless of the underwriting method used to sell the securities to the purchaser, if the securities are offered or sold to such purchaser by means of any of the

following communications, the undersigned Registrant will be a seller to the purchaser and will be considered to offer or sell such securities to such purchaser:

(i) Any preliminary prospectus or prospectus of the undersigned registrant relating to the offering required to be filed pursuant to Rule 424;

(ii) Any free writing prospectus relating to the offering prepared by or on behalf of the undersigned registrant or used or referred to by the undersigned registrant;

(iii) The portion of any other free writing prospectus relating to the offering containing material information about the undersigned registrant or its securities provided by or on behalf of the undersigned registrant; and

(iv) Any other communication that is an offer in the offering made by the undersigned registrant to the purchaser.

6. Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the Registrant pursuant to the foregoing provisions, or otherwise, the Registrant has been advised that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

7. For purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the Registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.

8. For the purpose of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the Registrant has duly caused this Amendment No. 2 to Registration Statement on Form S-1 to be signed on its behalf by the undersigned, thereunto duly authorized, in Princeton, New Jersey, on December 24, 2013.

NRG Energy, Inc.

By: /s/ BRIAN E. CURCI

Name: Brian E. Curci
Title: *Secretary*

Pursuant to the requirements of the Securities Act of 1933, this Amendment No. 2 to Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
* David W. Crane	President, Chief Executive Officer and Director (Principal Executive Officer)	December 24, 2013
* Kirkland B. Andrews	Chief Financial Officer (Principal Financial Officer)	December 24, 2013
* Ronald B. Stark	Chief Accounting Officer (Principal Accounting Officer)	December 24, 2013
* Howard E. Cosgrove	Chairman of the Board	December 24, 2013
* Edward R. Muller	Vice Chairman of the Board	December 24, 2013
* E. Spencer Abraham	Director	December 24, 2013
Kirbyjon H. Caldwell	Director	
* Lawrence S. Coben	Director	December 24, 2013

Signature	Title	Date
*		
Terry G. Dallas	Director	December 24, 2013
*		
William E. Hantke	Director	December 24, 2013
*		
Paul W. Hobby	Director	December 24, 2013
*		
Gerald Luterman	Director	December 24, 2013
Kathleen A. McGinty	Director	
*		
Anne C. Schaumburg	Director	December 24, 2013
*		
Evan J. Silverstein	Director	December 24, 2013
*		
Thomas H. Weidemeyer	Director	December 24, 2013
*		
Walter R. Young	Director	December 24, 2013

* The undersigned by signing his name hereto, signs and executes this Amendment No. 2 to Registration Statement on Form S-1 pursuant to the Power of Attorney executed by the above named signatories and previously filed with the Securities and Exchange Commission on October 18, 2013.

By: /s/ BRIAN E. CURCI

Brian E. Curci

Attorney-in-fact

EXHIBIT INDEX

Exhibit Number	Description
2.1	Restructuring Support Agreement, dated October 2, 2013, by and among NRG Energy, Inc. and the undersigned noteholders thereto.
2.2	Summary Term Sheet, dated September 9, 2013, by and among NRG Energy, Inc. and the holders of senior unsecured notes of Edison Mission Energy that are signatories thereto (see Exhibit A to Exhibit 2.1 to this Registration Statement on Form S-1).
2.3†	Plan Sponsor Agreement, dated October 18, 2013, by and among NRG Energy, Inc., NRG Energy Holdings Inc., Edison Mission Energy, certain of Edison Mission Energy's debtor subsidiaries, the Official Committee of Unsecured Creditors of Edison Mission Energy and its debtor subsidiaries, the PoJo Parties (as defined therein) and the proponent noteholders thereto.
2.4†	Asset Purchase Agreement, dated October 18, 2013, by and among NRG Energy, Inc., Edison Mission Energy and NRG Energy Holdings Inc. (see Exhibit A to Exhibit 2.3 to this Registration Statement on Form S-1).
2.5	Debtors' Second Amended Joint Chapter 11 Plan of Reorganization.
3.1(a)	Amended and Restated Certificate of Incorporation of NRG Energy, Inc. (incorporated herein by reference to NRG Energy, Inc.'s Quarterly Report on Form 10-Q filed on May 3, 2012).
3.1(b)	Certificate of Amendment of Amended and Restated Certificate of Incorporation of NRG Energy, Inc. (incorporated by reference to NRG Energy, Inc.'s Current Report on Form 8-K filed on December 14, 2012).
3.2	Second Amended and Restated By-Laws of NRG Energy, Inc. (incorporated herein by reference to NRG Energy, Inc.'s Current Report on Form 8-K filed on December 14, 2012).
4.1	Specimen of Certificate representing common stock of NRG Energy, Inc. (incorporated herein by reference to NRG Energy, Inc.'s Quarterly Report on Form 10-Q filed on August 4, 2006).
5.1	Form of Opinion of David R. Hill, Executive Vice President and General Counsel of NRG Energy, Inc.
10.1	Note Agreement, dated August 20, 1993, between NRG Energy, Inc., Energy Center, Inc. and each of the purchasers named therein (incorporated herein by reference to NRG Energy, Inc.'s Registration Statement on Form S-1, as amended, Registration No. 333-33397).
10.2	Master Shelf and Revolving Credit Agreement, dated August 20, 1993, between NRG Energy, Inc., Energy Center, Inc., The Prudential Insurance Registrants of America and each Prudential Affiliate, which becomes party thereto (incorporated herein by reference to NRG Energy, Inc.'s Registration Statement on Form S-1, as amended, Registration No. 333-33397).
10.3	Form of NRG Energy Inc. Long-Term Incentive Plan Deferred Stock Unit Agreement for Officers and Key Management (incorporated herein by reference to NRG Energy, Inc.'s annual report on Form 10-K filed on March 30, 2005).
10.4	Form of NRG Energy, Inc. Long-Term Incentive Plan Deferred Stock Unit Agreement for Directors (incorporated herein by reference to NRG Energy, Inc.'s annual report on Form 10-K filed on March 30, 2005).
10.5	Form of NRG Energy, Inc. Long-Term Incentive Plan Non-Qualified Stock Option Agreement (incorporated herein by reference to NRG Energy, Inc.'s quarterly report on Form 10-Q filed on November 9, 2004).

Exhibit Number	Description
10.6	Form of NRG Energy, Inc. Long-Term Incentive Plan Restricted Stock Unit Agreement (incorporated herein by reference to NRG Energy, Inc.'s quarterly report on Form 10-Q filed on November 9, 2004).
10.7	Form of NRG Energy, Inc. Long Term Incentive Plan Performance Unit Agreement (incorporated herein by reference to NRG Energy, Inc.'s annual report on Form 10-K filed on February 23, 2010.)
10.8	Amended and Restated Annual Incentive Plan for Designated Corporate Officers (incorporated herein by reference to NRG Energy, Inc.'s 2009 proxy statement on Schedule 14A filed on June 16, 2009).
10.9	Railroad Car Full Service Master Leasing Agreement, dated as of February 18, 2005, between General Electric Railcar Services Corporation and NRG Power Marketing Inc. (incorporated herein by reference to NRG Energy, Inc.'s annual report on Form 10-K for the quarter ended March 30, 2005).
10.10	Purchase Agreement (West Coast Power) dated as of December 27, 2005, by and among NRG Energy, Inc., NRG West Coast LLC (Buyer), DPC II Inc. (Seller) and Dynegy, Inc. (incorporated herein by reference to NRG Energy, Inc.'s current report on Form 8-K filed on December 28, 2005).
10.11	Purchase Agreement (Rocky Road Power), dated as of December 27, 2005, by and among Termo Santander Holding, L.L.C. (Buyer), Dynegy, Inc., NRG Rocky Road LLC (Seller) and NRG Energy, Inc. (incorporated herein by reference to NRG Energy, Inc.'s current report on Form 8-K filed on December 28, 2005).
10.12	Stock Purchase Agreement, dated as of August 10, 2005, by and between NRG Energy, Inc. and Credit Suisse First Boston Capital LLC (incorporated herein by reference to NRG Energy, Inc.'s current report on Form 8-K filed on August 11, 2005).
10.13	Agreement with respect to the Stock Purchase Agreement, dated December 19, 2008, by and between NRG Energy, Inc. and Credit Suisse First Boston Capital LLC (incorporated herein by reference to NRG Energy, Inc.'s annual report on Form 10-K filed on February 12, 2009).
10.14	Investor Rights Agreement, dated as of February 2, 2006, by and among NRG Energy, Inc. and Certain Stockholders of NRG Energy, Inc. set forth therein (incorporated herein by reference to NRG Energy, Inc.'s current report on Form 8-K filed on February 8, 2006).
10.15	Terms and Conditions of Sale, dated as of October 5, 2005, between Texas Genco II LP and Freight Car America, Inc., (including the Proposal Letter and Amendment thereto (incorporated herein by reference to NRG Energy, Inc.'s annual report on Form 10-K filed on March 7, 2006).
10.16	Amended and Restated Employment Agreement, dated December 4, 2008, between NRG Energy, Inc. and David Crane (incorporated herein by reference to NRG Energy, Inc.'s annual report on Form 10-K filed on February 12, 2009).
10.17	CEO Compensation Table (incorporated herein by reference to NRG Energy, Inc.'s current report on Form 8-K filed on December 9, 2009).
10.18	Limited Liability Company Agreement of NRG Common Stock Finance I LLC (incorporated herein by reference to NRG Energy, Inc.'s current report on Form 8-K filed on August 10, 2006).
10.19	Note Purchase Agreement, dated August 4, 2006, between NRG Common Stock Finance I LLC, Credit Suisse International and Credit Suisse Securities (USA) LLC (incorporated herein by reference to NRG Energy, Inc.'s current report on Form 8-K filed on August 10, 2006).

Exhibit Number	Description
10.20	Amendment Agreement, dated February 27, 2008, to the Note Purchase Agreement by and among NRG Common Stock Finance I LLC, Credit Suisse International, and Credit Suisse Securities (USA) LLC (incorporated herein by reference to NRG Energy, Inc.'s quarterly report on Form 10-Q filed on May 1, 2008).
10.21	Amendment Agreement, dated December 19, 2008, to the Note Purchase Agreement by and among NRG Common Stock Finance I LLC, Credit Suisse International, and Credit Suisse Securities (USA) LLC (incorporated herein by reference to NRG Energy, Inc.'s annual report on Form 10-K filed on February 12, 2009).
10.22	Amendment Agreement, dated December 19, 2008, to the Note Purchase Agreement by and among NRG Common Stock Finance I LLC, Credit Suisse International, and Credit Suisse Securities (USA) LLC (incorporated herein by reference to NRG Energy, Inc.'s annual report on Form 10-K filed on February 12, 2009).
10.23	Agreement with respect to Note Purchase Agreement, dated December 19, 2008, by and among NRG Common Stock Finance I LLC, Credit Suisse International, and Credit Suisse Securities (USA) LLC (incorporated herein by reference to NRG Energy, Inc.'s annual report on Form 10-K filed on February 12, 2009).
10.24	Preferred Interest Purchase Agreement, dated August 4, 2006, between NRG Common Stock Finance I LLC, Credit Suisse Capital LLC and Credit Suisse Securities (USA) LLC, as agent (incorporated herein by reference to NRG Energy, Inc.'s current report on Form 8-K filed on August 10, 2006).
10.25	Preferred Interest Amendment Agreement, dated February 27, 2008, by and among NRG Common Stock Finance I LLC, Credit Suisse International, and Credit Suisse Securities (USA) LLC (incorporated herein by reference to NRG Energy, Inc.'s quarterly report on Form 10-Q filed on May 1, 2008).
10.26	Preferred Interest Amendment Agreement, dated December 19, 2008, by and among NRG Common Stock Finance I LLC, Credit Suisse International, and Credit Suisse Securities (USA) LLC (incorporated herein by reference to NRG Energy, Inc.'s annual report on Form 10-K filed on February 12, 2009).
10.27	Preferred Interest Amendment Agreement, dated December 19, 2008, by and among NRG Common Stock Finance I LLC, Credit Suisse International, and Credit Suisse Securities (USA) LLC (incorporated herein by reference to NRG Energy, Inc.'s annual report on Form 10-K filed on February 12, 2009).
10.28	Agreement with respect to Preferred Interest Purchase Agreement, dated December 19, 2008, by and among NRG Common Stock Finance I LLC, Credit Suisse International, and Credit Suisse Securities (USA) LLC (incorporated herein by reference to NRG Energy, Inc.'s annual report on Form 10-K filed on February 12, 2009).
10.29	Second Amended and Restated Credit Agreement, dated June 8, 2007, by and among NRG Energy, Inc., the lenders party thereto, Citigroup Global Markets Inc., Credit Suisse Securities (USA) LLC, Citicorp North America Inc. and Credit Suisse (incorporated herein by reference to NRG Energy, Inc.'s current report on Form 8-K filed on June 13, 2007).
10.30	Amended and Restated Long-Term Incentive Plan (incorporated herein by reference to NRG Energy, Inc.'s 2009 proxy statement on Schedule 14A filed on June 16, 2009).
10.31	NRG Energy, Inc. Executive Change-in-Control and General Severance Agreement, dated December 9, 2008 (incorporated herein by reference to NRG Energy, Inc.'s annual report on Form 10-K filed on February 12, 2009).

Exhibit Number	Description
10.32	Amended and Restated Contribution Agreement (NRG), dated March 25, 2008, by and among Texas Genco Holdings, Inc., NRG South Texas LP and NRG Nuclear Development Company LLC and Certain Subsidiaries Thereof (incorporated herein by reference to NRG Energy, Inc.'s quarterly report on Form 10-Q filed on May 1, 2008).
10.33	Contribution Agreement (Toshiba), dated February 29, 2008, by and between Toshiba Corporation and NRG Nuclear Development Company LLC (incorporated herein by reference to NRG Energy, Inc.'s quarterly report on Form 10-Q filed on May 1, 2008).
10.34	Multi-Unit Agreement, dated February 29, 2008, by and among Toshiba Corporation, NRG Nuclear Development Company LLC and NRG Energy, Inc (incorporated herein by reference to NRG Energy, Inc.'s quarterly report on Form 10-Q filed on May 1, 2008).
10.35	Amended and Restated Operating Agreement of Nuclear Innovation North America LLC, dated May 1, 2008 (incorporated herein by reference to NRG Energy, Inc.'s quarterly report on Form 10-Q filed on May 1, 2008).
10.36	Credit Agreement by and among Nuclear Innovation North America LLC, Nuclear Innovation North America Investments LLC, NINA Texas 3 LLC and NINA Texas 4 LLC, as Borrowers and Toshiba America Nuclear Energy Corporation, as Administrative Agent and as Collateral Agent (incorporated herein by reference to NRG Energy, Inc.'s current report on Form 8-K filed on February 27, 2009).
10.37	LLC Membership Purchase Agreement between Reliant Energy, Inc. and NRG Retail LLC, dated as of February 28, 2009 (incorporated herein by reference to NRG Energy, Inc.'s quarterly report on Form 10-Q filed on April 30, 2009).
10.38	Project Agreement, Settlement Agreement and Mutual Release, dated March 1, 2010, by and among by and among Nuclear Innovation North America LLC, the City of San Antonio acting by and through the City Public Service Board of San Antonio, a Texas municipal utility, NINA Texas 3 LLC and NINA Texas 4 LLC, and solely for purposes of certain sections of the Settlement Agreement, by NRG Energy, Inc and NRG South Texas LP (incorporated herein by reference to NRG Energy, Inc.'s current report on Form 8-K filed on March 2, 2010).
10.39	STP 3 & 4 Owners Agreement, dated March 1, 2010, by and among Nuclear Innovation North America LLC, the City of San Antonio, NINA Texas 3 LLC and NINA Texas 4 LLC (incorporated herein by reference to NRG Energy, Inc.'s current report on Form 8-K filed on March 2, 2010).
10.40	2009 Executive Change-in-Control and General Severance Plan (incorporated herein by reference to NRG Energy, Inc.'s current report on Form 8-K filed on April 1, 2010).
10.41	Investment and Option Agreement by and among Nuclear Innovation North America LLC, Nuclear Innovation North America Investments Holdings LLC and TEPCO Nuclear Energy America LLC, dated as of May 10, 2010 (incorporated herein by reference to NRG Energy, Inc.'s quarterly report on Form 10-Q filed on August 2, 2010).
10.42	Parent Company Agreement by and among NRG Energy, Inc., Nuclear Innovation North America LLC, TEPCO and TEPCO Nuclear Energy America LLC, dated as of May 10, 2010 (incorporated herein by reference to NRG Energy, Inc.'s quarterly report on Form 10-Q filed on August 2, 2010).
10.43	Third Amended and Restated Credit Agreement, dated as of June 30, 2010 (incorporated herein by reference to NRG Energy, Inc.'s current report on Form 8-K filed on July 1, 2010).
10.44	Letter of Credit and Reimbursement Agreement, dated as of June 30, 2010 (incorporated herein by reference to NRG Energy, Inc.'s current report on Form 8-K filed on July 1, 2010).

Exhibit Number	Description
10.45	Letter of Credit and Reimbursement Agreement, dated as of June 30, 2010 (incorporated herein by reference to NRG Energy, Inc.'s current report on Form 8-K filed on July 1, 2010).
10.46	The NRG Energy, Inc. Amended and Restated Long Term Incentive Plan (incorporated herein by reference to NRG Energy, Inc.'s current report on Form 8-K filed on August 3, 2010).
10.47	Amended and Restated Credit Agreement, dated July 1, 2011, by and among NRG Energy, Inc., the lenders party thereto, and the joint lead bookrunners and joint lead arrangers party thereto (incorporated herein by reference to NRG Energy, Inc.'s current report on Form 8-K filed on July 5, 2011).
10.48	Form of Market Stock Unit Grant Agreement (incorporated herein by reference to NRG Energy, Inc.'s current report on Form 8-K/A filed on September 12, 2011).
10.49	Registration Rights Agreement, dated September 24, 2012, among NRG Energy, Inc., the guarantors named therein and Deutsche Bank Securities Inc., Merrill, Lynch, Pierce, Fenner & Smith Incorporated, Barclays Capital Inc., Citigroup Global Markets Inc., Credit Suisse Securities (USA) LLC, Goldman, Sachs & Co., J.P. Morgan Securities LLC, Morgan Stanley & Co. Incorporated and RBS Securities Inc., as initial purchasers (incorporated herein by reference to NRG Energy, Inc.'s current report on Form 8-K filed on September 24, 2012).
10.50	NRG 2010 Stock Plan for GenOn Employees (incorporated herein by reference to NRG Energy, Inc.'s annual report).
10.51	Revolving Credit Agreement among GenOn Energy, Inc., as Borrower, GenOn Americas, Inc., as Borrower, the several lenders from time to time parties hereto, and NRG Energy, Inc., as Administrative Agent, dated as of December 14, 2012 (incorporated by reference to NRG Energy, Inc.'s annual report on Form 10-K filed on February 27, 2013).
10.52	First Amendment Agreement, dated as of February 6, 2013, to the Amended and Restated Credit Agreement and the Second Amended and Restated Collateral Trust Agreement (incorporated by reference to NRG Energy, Inc.'s quarterly report on Form 10-Q filed on May 7, 2013).
10.53	Second Amendment Agreement, dated as of June 4, 2013, to the Amended and Restated Credit Agreement and the Second Amended and Restated Collateral Trust Agreement (incorporated herein by reference to Exhibit 10.1 to NRG Energy, Inc.'s current report on Form 8-K filed on June 10, 2013).
10.54	Second Amendment, dated as of June 4, 2013 (incorporated by reference to NRG Energy, Inc.'s current report on Form 8-K filed on June 4, 2013).
21.1	Subsidiaries of NRG Energy, Inc. (incorporated herein by reference to NRG Energy's Registration Statement on Form S-4 filed on March 22, 2013).
23.1	Consent of KPMG LLP, Independent Registered Public Accounting Firm for NRG Energy, Inc.
23.2	Consent of PricewaterhouseCoopers LLP, Independent Registered Public Accounting Firm of Edison Mission Energy.
23.3	Consent of David R. Hill, Executive Vice President and General Counsel of NRG Energy, Inc. (to be included in Exhibit 5.1).
23.4	Consent of PricewaterhouseCoopers LLP, Independent Registered Public Accounting Firm of Midwest Generation, LLC.

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Exhibit Number	Description
24.1	Power of Attorney (included on the signature page hereto).

† Schedules have been omitted pursuant to Item 601(b)(2) of Regulation S-K. A copy of any omitted schedule will be furnished to the Securities and Exchange Commission upon request.

Exhibit 2.1

Execution Version

THIS RESTRUCTURING SUPPORT AGREEMENT IS NOT AN OFFER WITH RESPECT TO ANY SECURITIES OR A SOLICITATION OF VOTES WITH RESPECT TO A CHAPTER 11 PLAN OF REORGANIZATION. ANY SUCH OFFER OR SOLICITATION WILL COMPLY WITH ALL APPLICABLE SECURITIES LAWS AND/OR PROVISIONS OF THE BANKRUPTCY CODE. ACCEPTANCES OR REJECTIONS WITH RESPECT TO A CHAPTER 11 PLAN OF REORGANIZATION MAY NOT BE SOLICITED UNTIL A DISCLOSURE STATEMENT HAS BEEN APPROVED BY THE BANKRUPTCY COURT.

RESTRUCTURING SUPPORT AGREEMENT

by and among

NRG ENERGY, INC.

and

THE UNDERSIGNED NOTEHOLDERS

dated as of October 2, 2013

NRG intends to file a registration statement (including a prospectus) with the SEC for the offering to which this communication relates. Before you invest, you should read the prospectus in that registration statement and other documents the issuer will file with the SEC for more complete information about the issuer and this offering. You may get these documents for free by visiting EDGAR on the SEC Web site at the time of filing at www.sec.gov. Alternatively, the company will arrange to send you the prospectus after filing if you request it by calling 609-524-4500 or emailing investor.relations@nrgenergy.com.

RESTRUCTURING SUPPORT AGREEMENT

This Restructuring Support Agreement (the "Agreement") is made and entered into as of October 2, 2013, by and among NRG Energy, Inc., a Delaware corporation ("NRG"), and each of the undersigned noteholders (together with their respective permitted successors and assigns, each, a "Supporting Noteholder," and collectively, the "Supporting Noteholders"). Each of the Supporting Noteholders and NRG is referred to as a "Party" and collectively as the "Parties."

Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Summary Term Sheet attached hereto as **Exhibit A**, which term sheet and all exhibits thereto are expressly incorporated by reference herein as provided in Section 3 hereof (such term sheet, including all exhibits thereto, the "Summary Term Sheet").

WHEREAS, on December 17, 2012 (the "Petition Date"), Edison Mission Energy, a Delaware corporation ("EME"), and certain of its direct and indirect subsidiaries (collectively, the "Debtors") filed voluntary petitions for relief under chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the Northern District of Illinois (the "Bankruptcy Court"), and the Debtors' bankruptcy cases are being jointly administered under case no. 12-49219 (the "Bankruptcy Cases");

WHEREAS, the Supporting Noteholders hold debt securities issued by EME under: (a) that certain Indenture, dated as of June 6, 2006 (as amended, modified, waived, or supplemented, the "2006 Indenture"), providing for the issuance of 7.50% Senior Fixed Rate Notes due 2013 and 7.75% Senior Fixed Rate Notes due 2016 and (b) that certain Indenture, dated as of May 7, 2007 (as amended, modified, waived, or supplemented, the "2007 Indenture," and with the 2006 Indenture, the "Indentures"), providing for the issuance of 7.00% Senior Fixed Rate Notes due 2017, 7.20% Senior Fixed Rate Notes due 2019, and 7.625% Senior Fixed Rate Notes due 2027 (such notes issued under the Indentures, the "Notes," and the holders of such Notes, the "Noteholders"), by and between EME and Wells Fargo Bank, N.A., as trustee (in such capacity, the "Indenture Trustee");

WHEREAS, prior to the date hereof, the Parties engaged in good faith, arm's length negotiations that led to the execution of the Summary Term Sheet, which sets forth the material terms of a potential restructuring of the Debtors, upon the consummation of which NRG or its designee would (i) acquire the Acquired Assets, including EME's ownership interest in the Debtors and all of EME's direct and indirect subsidiaries other than the Homer City Debtors (collectively with EME and the Debtors, the "Company") and (ii) assume specified liabilities as provided herein (the "Restructuring");

WHEREAS, the Parties desire to implement the Restructuring through a chapter 11 plan of reorganization in the Bankruptcy Cases on the terms and conditions of the Summary Term Sheet, this Agreement and such other terms as may be mutually satisfactory to the Parties; and

WHEREAS, the Parties desire to express to each other their mutual support and commitment in respect of the Restructuring on the terms and conditions contained in this Agreement.

NOW, THEREFORE, in consideration of the premises, the covenants and agreements contained herein, and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, each Party, intending to be legally bound hereby, agrees as follows:

1. Definitions. Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Summary Term Sheet.

"2006 Indenture" has the meaning given in the recitals.

"2007 Indenture" has the meaning given in the recitals.

"Agreed Plan" means a chapter 11 plan in form and substance satisfactory to NRG and each of the Supporting Noteholders, on the terms and conditions of the Summary Term Sheet, this Agreement and such other terms as may be mutually satisfactory to the Parties (including such terms as may be agreed in this Agreement).

"Agreed PoJo Consent" means a written consent of the PoJo Parties in form and substance satisfactory to NRG and each of the Supporting Noteholders, on the terms and conditions of the PoJo Term Sheet and such other terms as may be mutually satisfactory to the Parties (including such terms as may be agreed in this Agreement).

"Agreed PSA" means a Plan Sponsor Agreement in form and substance satisfactory to NRG, the Required Supporting Noteholders and each of the proponents of the Agreed Plan, including all exhibits, schedules and attachments thereto, on the terms and conditions of the Summary Term Sheet (including, for the avoidance of doubt, the Plan Sponsor Protections) and such other terms as may be mutually satisfactory to the Required Supporting Noteholders and the parties to the Agreed PSA (including such terms as may be described in this Agreement).

"Agreement" has the meaning given in the preamble.

"Alternative Transaction" means any transaction for the acquisition of any Acquired Asset that is inconsistent in any material respect with the Restructuring and the transactions contemplated by this Agreement, in any form or structure whatsoever, whether by plan of reorganization (including any reorganization in which EME retains its interests in any of its direct or indirect subsidiaries other than the Homer City Debtors), offer, proposal, dissolution, winding up, liquidation, merger, consolidation, business combination, joint venture, partnership, sale of assets, sale of stock, restructuring, refinancing or otherwise. For the avoidance of doubt, sales of Non-Core Assets shall not be deemed or construed to be Alternative Transactions.

"Bankruptcy Cases" has the meaning given in the recitals.

"Bankruptcy Court" has the meaning given in the recitals.

"Business Day" means any day which is not a Saturday, Sunday or legal holiday recognized by the Federal government of the United States of America.

"Casualty or Condemnation Loss" means, with respect to the Acquired Assets, any damage, destruction, unavailability or unsuitability for the intended purpose by fire, weather conditions, or other casualty or taking in condemnation or right of eminent domain.

"CBA Liabilities" means, with respect to all Company employees who are subject to a collective bargaining agreement, all Liabilities for accrued salary, wages, medical benefits, sick leave, vacation time and other employee welfare benefits.

"Closing" means the closing of the Restructuring.

"Closing Date" means the date on which the Closing occurs.

"Committee" means the official committee of unsecured creditors appointed in the Bankruptcy Cases by the United States Trustee on January 7, 2013.

"Company" has the meaning given in the recitals; for the avoidance of doubt, the Company does not include the Homer City Debtors.

"Confidentiality Agreements" means the confidentiality agreements executed by NRG and the Supporting Noteholders prior to the date hereof in connection with the negotiation of the Restructuring.

"Debtors" has the meaning given in the recitals.

"Disclosure Statement" means a disclosure statement for the purposes of section 1125 of the Bankruptcy Code in support of the Agreed Plan and the transactions contemplated by this Agreement and the Summary Term Sheet.

"EME" has the meaning given in the recitals.

"Expense Reimbursement" means a cash payment to reimburse NRG for its reasonable and documented out-of-pocket expenses, including reasonable and documented attorneys' fees and reasonable and documented out-of-pocket expenses incurred by attorneys and investment bankers, incurred in connection with or in relation to the transactions contemplated herein or in the Agreed PSA. For the avoidance of doubt, the Expense Reimbursement shall not include any monthly fees, success fees or other incentive fees of any financial advisor to NRG.

"GAAP" means United States generally accepted accounting principles as in effect on the date of this Agreement.

"Homer City Debtors" means Edison Mission Finance Co., EME Homer City Generation L.P. and Homer City Property Holdings, Inc.

"Indentures" has the meaning given in the recitals.

"Indenture Trustee" has the meaning given in the recitals.

"IPCB" means the Illinois Pollution Control Board.

"Joliet Parties" has the meaning given in the PoJo Term Sheet.

"Material Adverse Effect" has the meaning given in Section 3(j) hereof.

"MWG" means Midwest Generation, LLC, a Delaware limited liability company.

"Non-Core Assets" means (i) American Bituminous, an approximately 80 MW waste coal facility in Grant Town, West Virginia, (ii) Big Sky, an approximately 240 MW wind powered-generating facility in Ohio, Illinois, (iii) Broken Bow II, a wind generation development project in central Nebraska, (iv) Crawford Station, an approximately 542 MW dual fuel generating facility in Chicago, Illinois, and (v) Fisk Station, an approximately 326 MW coal-fired generating facility in Chicago, Illinois.

"Notes" has the meaning given in the recitals.

"Noteholders" has the meaning given in the recitals.

"Notes Claims" has the meaning given in Section6(a) hereof.

"NRG" has the meaning given in the preamble.

"NRG Common Stock" means the common stock of NRG, par value $0.01 per share.

"Party" and "Parties" have the meanings given in the preamble.

"Permitted Interim Sale" means the sale of any Acquired Asset from and after July 11, 2013 to an entity other than NRG (other than sales of Non-Core Assets and sales of assets in the ordinary course of business consistent with the Company's past practices).

"Permitted Interim Sale Amount" means, with respect to any Permitted Interim Sale, the sum of (i) cash, cash equivalents and/or readily marketable securities received as a result of such Permitted Interim Sale and (ii) Company debt assumed by an entity other than the Company or NRG, paid off by an entity other than the Company or NRG, or forgiven in any such Permitted Interim Sale. For the avoidance of doubt, the proceeds of any sale of a Non-Core Asset or any debt assumed or forgiven in connection with such a sale shall not be included in the calculation of the Permitted Interim Sale Amount.

"Petition Date" has the meaning given in the recitals.

"Plan Documents" means the Agreed Plan, the Agreed PoJo Consent, the Plan Supplement, the Agreed PSA, the operative transaction documents providing for the acquisition of the Acquired Assets and the assumption of the Assumed Liabilities, and all related exhibits, schedules, orders and other documents.

"Plan Sponsor Protections" means the following bid protections in favor of NRG: (i) the Termination Fee; (ii) the Expense Reimbursement; and (iii) a non-solicitation covenant (subject to any limited marketing period that the Agreed PSA may provide to the Debtors) binding upon each of the Debtors, the Committee, the Supporting Noteholders that are co-proponents of the

Agreed Plan, and the respective Representatives of each of the foregoing, as set forth in the Agreed PSA.

"Plan Supplement" means the supplement to the Agreed Plan to be filed with the Bankruptcy Court not later than ten days prior to the voting deadline for the Plan, which shall, among other things, identify executory contracts and leases to be rejected as determined by NRG in NRG's sole and absolute discretion.

"PoJo Lease Documents" means the operative documents associated with the sale lease-back transaction relating to MWG's facilities in Powerton and Joliet, Illinois, defined as the "Operative Documents" in the Participation Agreements, dated August 17, 2000.

"PoJo Parties" means the Joliet Parties and the Powerton Parties, collectively.

"PoJo Term Sheet" means the term sheet attached as Exhibit A to the Summary Term Sheet.

"Powerton Parties" has the meaning given in the PoJo Term Sheet.

"PUCT" means the Public Utility Commission of Texas.

"Qualified Marketmaker" has the meaning given in Section 8 hereof.

"Registration Statement" means a registration statement on Form S-1 of NRG filed (or to be filed) with the SEC under the Securities Act registering the offer and sale of the Stock Consideration and its issuance and distribution pursuant to the Agreed Plan.

"Representatives" means, with respect to any person or entity, such person's or entity's directors, officers, employees, agents and other representatives, including any investment bankers, financial advisors, tax advisors, attorneys or accountants.

"Required Supporting Noteholders" means Supporting Noteholders (and, to the extent applicable, their permitted transferees pursuant to Section 8 hereof) representing at least 75% of the outstanding principal amount of Note Claims held by the Supporting Noteholders as of the date hereof (the " Original Signatory Note Claims"). For the avoidance of doubt, the foregoing 75% threshold shall be determined exclusive of any Note Claims (i) held or acquired by permitted transferees that are not Original Signatory Note Claims or (ii) acquired by the Supporting Noteholders after the date hereof.

"Required Supporting Noteholder Termination Event" has the meaning given in Section 10 hereof.

"Restructuring" has the meaning given in the recitals.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the Securities Act of 1933, as amended.

"Stock Consideration" means such number of shares of NRG Common Stock as is equal to the quotient of (a) $350,000,000 *divided by* (b) the volume-weighted average trading price of a share of NRG Common Stock over the twenty Business Days prior to the initial public disclosure of the Restructuring.

"Summary Term Sheet" has the meaning given in the recitals.

"Superior Proposal" has the meaning given in Section 3(e) hereof; for the avoidance of doubt, Superior Proposal includes the term "unsolicited superior proposal" as used in the Summary Term Sheet.

"Supporting Noteholder" and "Supporting Noteholders" has the meaning given in the preamble.

"Termination Fee" means a fee payable to NRG in cash equal to $65,000,000 on the terms and subject to the conditions set forth in the Agreed PSA, which shall be consistent with this Agreement.

"Transfer" has the meaning given in Section 8 hereof.

"Walnut Creek Loss" means any of the following:

(i) the loss of all or substantially all of the approximately 479 MW gas-fired generating facility at the Walnut Creek Station;

(ii) the destruction of all or substantially all of the Walnut Creek Station such that there remains no substantial remnant thereof which a prudent owner, desiring to restore the Walnut Creek Station to its original condition, would utilize as the basis of such restoration;

(iii) the destruction of all or substantially all of the Walnut Creek Station irretrievably beyond repair;

(iv) the destruction of all or substantially all of the Walnut Creek Station such that the cost of repair would equal or exceed the cost of replacement;

(v) the destruction of all or substantially all of the Walnut Creek Station such that the insured may claim a "total loss" under any insurance policy covering the Walnut Creek Station upon abandoning the Walnut Creek Station to the insurance underwriters therefor; or

(vi) the condemnation or taking by eminent domain of all or a substantial portion of the real property at the Walnut Creek Station, provided that such condemnation or taking is material to the operation of the Walnut Creek Station.

"Walnut Creek Station" means the approximately 479 megawatt gas-fired generating facility at the Walnut Creek Energy Park in the City of Industry, California.

2. Interpretation. In this Agreement, unless the context otherwise requires:

a. words importing the singular also include the plural, and references to one gender include all genders;

b. the headings in this Agreement are inserted for convenience only and do not affect the construction of this Agreement and shall not be taken into consideration in its interpretation;

c. the words "hereof," "herein" and "hereunder" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement;

d. the words "include," "includes," and "including" shall be deemed to be followed by the phrase "without limitation." The word "or" is not exclusive;

e. all financial statement accounting terms not defined in this Agreement shall have the meanings determined by GAAP;

f. unless otherwise expressly provided in this Agreement, any agreement (including this Agreement), instrument, statute, order or decree defined or referred to herein means such agreement, instrument, statute, order or decree as from time to time amended, modified, supplanted, or supplemented, including (in the case of agreements or instruments) by waiver or consent and (in the case of statutes, proclamations or decrees) by succession of comparable successor statutes, proclamations or decrees;

g. all references to currency or dollars herein refer to the United States dollar; and

h. references to any governmental entity or any governmental department, commission, board, bureau, agency, regulatory authority, instrumentality, or judicial or administrative body, in any jurisdiction shall include any successor to such entity.

3. Incorporation of the Term Sheet As Provided Herein. The Summary Term Sheet is hereby incorporated by reference as if fully set forth in this Agreement, except as expressly provided otherwise in and as supplemented by this Agreement, including, without limitation, the following:

a. *Registration of Securities*. NRG shall file the Registration Statement on or before the hearing to approve the Disclosure Statement and shall use reasonable best efforts and work in good faith to cause the SEC to declare the Registration Statement effective on or before the Closing Date. NRG shall prepare and file with the SEC such amendments and supplements to the Registration Statement and the prospectus used in connection therewith as may be necessary to keep the Registration Statement effective and to comply with the provisions of the Securities Act with respect to the offer and sale of the Stock Consideration by NRG for a period of thirty days following the Closing Date. The Registration Statement (and all amendments and supplements thereto and the prospectus used in connection therewith) and the offer and sale of the Stock

Consideration shall comply in all material respects with the requirements of applicable securities laws. The Registration Statement (and all amendments and supplements thereto and the prospectus used in connection therewith) shall not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. The Supporting Noteholders and their counsel shall be given a reasonable opportunity to review and comment on the Registration Statement (and all amendments and supplements thereto and the prospectus used in connection therewith), and NRG shall not and shall cause its respective subsidiaries to not use the name of the Indenture Trustee or any Supporting Noteholder in the Registration Statement or any amendment or supplement thereto without such person's prior written consent, which consent shall not be unreasonably withheld. NRG shall provide the Supporting Noteholders and their counsel with any comments or other communications, whether written or oral, NRG or their counsel may receive from the SEC or its staff with respect to the Registration Statement (or any amendments or supplements thereto or the prospectus used in connection therewith) or the offer and sale of the Stock Consideration promptly after the receipt of such comments or other communications and shall provide the Supporting Noteholders and their counsel an opportunity to participate in the response of NRG to such comments or other communications.

b. *Publicity and Disclosure*. Each Supporting Noteholder, either individually or together with the other Supporting Noteholders, shall be entitled to make public the terms of the Restructuring and this Agreement at any time on or after October 18, 2013, provided that the Supporting Noteholders provide NRG with at least three Business Days' prior written notice of such proposed disclosure, it being acknowledged and agreed that the Supporting Noteholders will not exercise the foregoing disclosure right without the consent of the Required Supporting Noteholders. NRG shall submit to counsel for the Supporting Noteholders all press releases and public filings relating to this Agreement, the Plan Documents, or the transactions contemplated hereby or thereby no less than three Business Days' prior to such proposed disclosure. Except as required by law (as determined by outside counsel to NRG) and with reasonable prior written notice to the Supporting Noteholders, NRG shall not and shall cause its respective subsidiaries to not (a) use the name of the Indenture Trustee or any Supporting Noteholder in any press release without such person's prior written consent or (b) disclose to any person other than legal and financial advisors to NRG the principal amount or percentage of any Notes Claims or any other securities of the Company or its subsidiaries held by any Supporting Noteholder; provided that NRG shall be permitted to disclose at any time the aggregate principal amount of and aggregate percentage of the Notes Claims held by the Supporting Noteholders.

c. *Remedies under this Agreement*. It is understood and agreed by the Parties that money damages would be an insufficient remedy for any breach of this Agreement by any Party, and each non-breaching Party shall be entitled to specific performance and injunctive or other equitable relief as the sole remedy for any such breach, without having to establish the inadequacy of damages as a remedy or any requirement to post a bond. For the avoidance of doubt, no Party shall be liable to any other Party for money

damages of any kind for a breach of this Agreement, whether direct, special, indirect, consequential, incidental or punitive.

d. *Conduct of Business*. The Agreed PSA shall provide for customary conduct of business covenants binding upon the Company from the date of the Bankruptcy Court's approval of the Agreed PSA through the Closing Date.

e. *Superior Proposal*. For the purposes of the Summary Term Sheet and the Plan Documents, Superior Proposal means one or more bona fide written proposals or offers with respect to any Alternative Transaction:

(i) to acquire, directly or indirectly, collectively, at least seventy-five percent of the Acquired Assets for consideration consisting of (x) cash, cash equivalents, and/or readily marketable securities in an amount that exceeds 105% of the Purchase Price and (y) the assumption of substantially all liabilities to be assumed by NRG under the Restructuring, including the PoJo Lease Documents, the Tax Indemnity Agreements, the CBA Liabilities and any other obligations under the collective bargaining agreements to which any of the Debtors are a party;

(ii) that provides for the release of EME from (x) all Liabilities under the PoJo Lease Documents, the Tax Indemnity Agreements, and the MWG Intercompany Notes for consideration not to exceed the Agreed PoJo Cure Amount *less* any Acquired Cash at MWG, and (y) any Liabilities to direct or indirect subsidiaries included in the Acquired Assets;

(iii) that is otherwise on terms that the boards of directors or other managing bodies of the Company and/or the Committee duly determines in their reasonable good faith judgment and after consultation with their financial advisors and outside legal counsel would result, if consummated, in a transaction that is more favorable to EME than the Restructuring;

(iv) is reasonably capable of being consummated on or prior to July 31, 2014, including with respect to receipt of all required regulatory approvals;

(v) provides for no diligence, financing or other material contingencies, and no conditions precedent other than those provided in the Summary Term Sheet, this Agreement or the Agreed PSA; and

(vi) that was not executed in violation of the non-solicitation covenant in the Agreed PSA (which shall be subject to any limited marketing period that the Agreed PSA may provide to the Debtors).

f. *Fiduciary Duty Exception*. For the purposes of the Summary Term Sheet and the Plan Documents, the term "fiduciary duty exception" means the right of the Debtors and/or the Committee to terminate the Agreed PSA in order to pursue and enter

into an agreement concerning a Superior Proposal, subject in all respects to payment of the Termination Fee and Expense Reimbursement as provided in the Summary Term Sheet; provided, however, that in the event that the Agreed PSA provides Debtors with a limited marketing period, the Supporting Noteholders will support granting NRG notice and matching rights with respect to all Superior Proposals and Alternative Transactions.

g. *Payment of Termination Fee and Expense Reimbursement*. The Termination Fee and Expense Reimbursement shall be deemed fully earned by NRG upon the termination of the Agreed PSA or, following the execution of the Agreed PSA, the Debtors' execution of a written agreement that contemplates the consummation of a Superior Proposal, subject to the additional terms and conditions described in the Summary Term Sheet.

h. *Termination Rights.* In addition to the other termination rights in the Summary Term Sheet and herein, NRG shall have the right to terminate this Agreement and the Agreed PSA if EME executes a written agreement that contemplates the consummation of a Superior Proposal or seeks Bankruptcy Court approval in relation to the same.

i. *Purchase Price Adjustment*. The Purchase Price shall be reduced dollar-for-dollar for all Permitted Interim Sales by the non-debt portion of the applicable Permitted Interim Sale Amount, provided that (i) the Permitted Interim Sale Amount for each such Permitted Interim Sale is in an amount less than or equal to $25,000,000 and (ii) in the aggregate, the Permitted Interim Sale Amount for all such Permitted Interim Sales is in an amount less than or equal to $50,000,000.

j. *Material Adverse Effect*. For the purposes of the Summary Term Sheet and the Plan Documents, the term "Material Adverse Effect" means a material adverse effect on the business, results of operations or financial condition of the Company, taken as a whole, excluding any such effect, alone or in combination resulting from, relating to or arising from: (i) any change generally affecting the international, national or regional economies or the credit, debt, financial or capital markets; (ii) any change generally affecting the international, national or regional electric generating, transmission or distribution industry; (iii) any change generally affecting the international, national or regional wholesale or retail markets for electric power, ancillary services, or capacity; (iv) any change generally affecting the international, national or regional wholesale markets for natural gas or coal; (v) any change in general macroeconomic, financial market, regulatory or political conditions, including any engagements or escalations of hostilities, acts of war or terrorist activities; (vi) any change in law (including regulations or standards affecting the Company or its clients or customers), GAAP or official interpretations of the foregoing; (vii) the pendency of the Bankruptcy Cases; (viii) a Casualty or Condemnation Loss; (ix) a Walnut Creek Loss; (x) any change in waivers or variances from the IPCB; (xi) the announcement of this transaction, the execution of this Agreement, the process leading to the execution of this Agreement or any of the Plan Documents, the performance of

the transactions contemplated pursuant to this Agreement or any of the Plan Documents, the identity of NRG or any of its affiliates, or the compliance by any party with the terms of this Agreement or any of the Plan Documents;

(xii) NRG's announcement or other disclosure of its plans or intentions with respect to the conduct of the business (or any portion thereof) of the Company; (xiii) any loss of a material employee or executive; (xiv) any action taken or omitted to be taken by, or with the consent of, NRG or any of its affiliates after the date hereof; (xv) any failure by the Company to meet internal or published projections, forecasts or estimates; provided, however, that any underlying change, event or occurrence shall not be excluded by virtue of this clause (xv) so long as such change, event or occurrence is not covered by another exclusion to this definition; except to the extent in (ii), (iii), (iv), (v) or (vi) such effects have a disproportionate effect on the Acquired Assets, taken as a whole, as compared to other persons engaged in the same industry; provided that in the case of clause (vi) with respect to any change in law, including regulations or standards or official interpretations of any of the foregoing affecting the Company or its clients or customers, affecting coal-fired power plants the disproportionate effect on the Acquired Assets shall be compared to electric generation of a similar fuel type. For the avoidance of doubt, the condition set forth in the Summary Term Sheet relating to any Casualty or Condemnation Loss shall not be deemed an acknowledgement, admission or other concession on the part of (a) the Supporting Noteholders, the Committee or the Company that a loss in excess of 20% of the Transaction Value constitutes a Material Adverse Effect, or (b) NRG that a loss less than or equal to 20% of the Transaction Value does not constitute a Material Adverse Effect, and such provision shall have no effect on the interpretation of this definition.

k. *Assumption and Exclusion of Certain Liabilities*. As of the Closing Date, NRG or its designee shall assume the EME Assumed Liabilities. Each of the reorganized Debtor Subsidiaries shall assume or otherwise remain responsible for its respective Debtor Assumed Liabilities. Each of the Non-Debtor Subsidiaries shall assume or otherwise remain responsible for its respective Non-Debtor Assumed Liabilities. Neither NRG nor any of the other foregoing entities shall assume or otherwise have any Liability whatsoever in respect of the Excluded Liabilities. In addition to the Excluded Liabilities listed in the Summary Term Sheet, and notwithstanding anything herein or in the Summary Term Sheet to the contrary, (i) all Liabilities of the Homer City Debtors shall be Excluded Liabilities and (ii) all Liabilities of the Company with respect to any Acquired Assets that are sold to any party other than NRG shall be Excluded Liabilities, and with respect to both (i) and (ii), neither NRG, its designee, any of the reorganized Debtor Subsidiaries acquired by NRG pursuant to the Agreed Plan nor any of the Non-Debtor Subsidiaries shall have any responsibility or obligation in respect of such Liabilities. Pursuant to the terms of the Agreed Plan, all indebtedness and other Liabilities owed (i) by EME to any of the entities directly or indirectly acquired by NRG under the Agreed Plan or (ii) by any such entities to EME, shall be cancelled or otherwise rendered unenforceable in a manner reasonably satisfactory to the proponents of the Agreed Plan.

l. *Target Debt Balance.* The Target Debt Balance will be reduced on a dollar-for-dollar basis by the amount of any debt assumed by an entity other than the Company or NRG, paid off by an entity other than the Company or NRG, or forgiven in connection with any Permitted Interim Sale or any Non-Core Asset sale.

m. *Assumed Cash Balance*. If the Acquired Cash is increased or if the Company receives marketable securities as a result of a sale by the Company of any Non-Core Assets, then the Target Cash Balance will be increased by the amount of such increase in on a dollar-for-dollar basis for the purposes of the purchase price adjustment at Closing.

n. *Confidentiality*.

(i) Each Party shall hold in strict confidence the existence and terms of this Agreement and any information regarding the Restructuring provided by the disclosing Party which is of a non-public, proprietary or confidential nature to the disclosing Party, its subsidiaries or affiliates, or to any third parties to whom the disclosing Party owes a duty of confidentiality, including all reports and analyses, technical and economic data, studies, forecasts, trade secrets, research or business strategies, inventions, financial or contractual information, or other written or oral information regarding the disclosing Party and its affiliates, in each case solely to the extent related to the transaction contemplated herein (" Confidential Information"), except to the extent that such Confidential Information has been or is (1) is in the public domain or otherwise known to others not party to or bound by this Agreement at the time of disclosure (excluding parties otherwise subject to a confidentiality restriction with respect to the Confidential Information); (2) following disclosure, becomes known or available to others not under a duty of confidentiality through no breach of this confidentiality provision on the part of the receiving Party; (3) is known, or becomes known, to the receiving Party from a source other than the disclosing Party or its Representatives, provided that disclosure by such source is not known to the receiving Party to be in breach of a confidentiality agreement with the disclosing Party (with an obligation to make inquiry with respect to same and an entitlement to rely on responses thereto); (4) is independently developed or acquired by the receiving Party without violating any of its obligations under this Section 3(n); or (5) is legally required to be disclosed by judicial or other governmental action or request, including, without limitation, any action or request of banking, tax or other regulatory authorities; provided, however, that, solely to the extent it is practicable and the receiving Party is legally permitted to do so, the receiving Party shall give prompt notice of such judicial or other governmental action; and provided, further, that any pursuit of legal remedies to maintain the Confidential Information in confidence shall be at the disclosing Party's sole expense. Notwithstanding the foregoing, any Supporting Noteholder and its Representatives may disclose Confidential Information without notice to NRG as the disclosing Party, to any governmental agency, regulatory authority or self-regulatory authority (including, without limitation, bank and securities examiners) if such disclosure is made in the course of such authority's examination or inspection of the Supporting Noteholder's or its affiliates' business.

(ii) To the extent the terms of this Agreement are made public other than as a result of a breach of the Supporting Noteholders' obligations under this Section 3(n), the existence and terms of this Agreement and any information relating to the Restructuring shall cease to be Confidential Information for all purposes, shall not include material, non-public information, and may be freely disclosed by any of the Supporting Noteholders to any party; provided, however, that the identity of each Supporting Noteholder and such Supporting Noteholder's holdings of Notes shall remain Confidential Information unless and until such Supporting Noteholder consents otherwise in writing.

(iii) Confidential Information (1) may be used by the receiving Party solely in connection with the proposed transaction contemplated herein or any other transaction involving the Supporting Noteholders and NRG related to the Acquired Assets, and (2) will be kept confidential and not disclosed by the receiving Party to any other person, except that Confidential Information may be disclosed (a) to any of the receiving Party's affiliates (including, with respect to each Supporting Noteholder, such Supporting Noteholder's managed funds and accounts, if any) and its and their respective Representatives, it being understood that any Representative(s) to whom Confidential Information is disclosed shall be informed of the confidential or proprietary nature thereof and of the receiving Party's confidentiality obligations under this Agreement; (b) to any other party to this Agreement, the Debtors, the Committee and the members thereof, the PoJo Parties or the respective legal or financial advisors of any of the foregoing; provided, however, that NRG shall keep strictly confidential and shall not share any information regarding each Supporting Noteholder's holdings of Notes with any other person or entity, including, without limitation, any other Supporting Noteholder, the Debtors, the Committee and the members thereof, the PoJo Parties or the respective legal or financial advisors of any of the foregoing, without such Supporting Noteholder's prior written consent; (c) to any prospective transferee of a Note Claim from any of the Supporting Noteholders, it being acknowledged and agreed that the confidentiality obligations set forth herein automatically shall be binding upon all successors, including, without limitation, all prospective transferees of Note Claims from any of the Supporting Noteholders; and (d) as and to the extent provided in Section 3(b) hereof and this Section 3(n). Each Party shall be liable for any unauthorized disclosure or use of Confidential Information by its Representatives.

(iv) The Parties hereby acknowledge that each Party or its Representatives may receive material, non-public information hereunder and that United States securities laws impose restrictions on trading in securities when in possession of such information or from communicating such information to any other person under circumstances in which it is reasonably foreseeable that such person is likely to purchase or sell securities.

(v) Upon a disclosing Party's written request, the receiving Party shall, at the receiving Party's option, either destroy or return to the disclosing Party as promptly as practicable, but in any event within thirty (30) days, all Confidential Information received from the disclosing Party in the possession of the receiving Party, including all copies of such Confidential Information, all notes or other documents with respect to or reflecting such Confidential Information, and all materials derived from such Confidential Information. Notwithstanding the foregoing, the receiving Party shall be entitled to retain copies of such Confidential Information (a) as may be in board and other corporate approval papers to the extent such retention is consistent with the receiving Party's policies, (b) as may be electronically stored in the ordinary course in auto-archive or other computer back-up systems, (c) to the extent contained in materials prepared by the receiving Party and its Representatives which derive from Confidential Information, and (d) to the extent required to satisfy the requirements of any law or in compliance with their respective policies relating to auditing, regulatory issues, or internal records retention; provided that all such retained Confidential Information shall remain subject to the terms of this Agreement. Upon completing the foregoing, the receiving Party shall give the disclosing Party a certificate confirming its compliance with this Section.

(vi) This Agreement, including the Summary Term Sheet attached hereto, addresses all of the confidentiality obligations of the Parties hereto concerning the transactions contemplated herein, and merges all prior discussions and writings between them as to confidentiality of information other than as expressly provided in this Agreement, or as duly set forth subsequent to the date hereof in writing and signed by all Parties. For the avoidance of doubt, the Confidentiality Agreements between NRG and each of the Supporting Noteholders dated August 4, 2013 shall terminate as of the date hereof and shall be of no further force and effect, except for any breaches of such Confidentiality Agreements arising prior to the date hereof.

4. Covenants of the Supporting Noteholders. For so long as this Agreement has not been terminated in accordance with its terms, and subject to any limited marketing period that the Agreed PSA may provide to the Debtors and to any Superior Proposal pursued in accordance with the terms of this Agreement, each Supporting Noteholder (solely on its own behalf and not on behalf of any other Supporting Noteholder) agrees and covenants severally (but not jointly) that it shall:

a. use its reasonable best efforts and work in good faith to consummate the Restructuring, including, without limitation, (i) to persuade the Debtors to pursue the Restructuring, including without limitation, to negotiate and enter into the Agreed PSA and to propose the Agreed Plan, (ii) to negotiate in good faith and prepare the Agreed Plan, the Agreed PSA and the other Plan Documents on the terms and conditions of the Summary Term Sheet (including, for the avoidance of doubt, the Plan Sponsor Protections and the PoJo Term Sheet) and such other terms as may be mutually satisfactory to the Parties (including such terms as may be agreed in this Agreement); (iii) to support the entry of orders of the Bankruptcy Court approving the Restructuring, including approval of the Agreed PSA, the Plan Sponsor Protections, the Disclosure Statement, and the Agreed Plan, as soon as reasonably practicable, and (iv) if the Debtors elect not to pursue, or delay in pursuit of, the Restructuring to negotiate alternative approaches to effect the Restructuring;

b. not, directly or indirectly, (i) seek, solicit, support, encourage, or vote any claims for, consent to, encourage, or participate in any discussions regarding the negotiation or formulation of any Alternative Transaction or of any restructuring for any Debtor that is in any way inconsistent with the Summary Term Sheet in any material respect; (ii) take any other action that would delay or obstruct the approval of the transactions contemplated by the Summary Term Sheet in any material respect; or (iii) otherwise support any plan or sale process that is inconsistent with the Summary Term Sheet (collectively, the "Non-Solicitation Covenant");

c. not take any action that is inconsistent in any material respect with, or is intended to frustrate or impede approval and consummation of transactions described in, this Agreement or the Agreed Plan; provided, however, that the Non-Solicitation Covenant and other non-solicitation obligations set forth herein shall not restrict the Supporting Noteholders' legal and financial advisors from communicating with (i) legal or financial advisors for the Debtors or the Committee; provided that, in communications with the legal and financial advisors for the Debtors or the Committee, the Supporting

Noteholders' legal and financial advisors do not seek, solicit, support, or encourage any action that is inconsistent with, or that would delay or obstruct the approval of, the transactions described herein or (ii) holders of the Notes in any respect, and nothing in this Agreement shall be deemed or construed as a waiver of attorney-client privilege;

d. not agree to any provision in the Plan Documents that is inconsistent with this Agreement or the Summary Term Sheet without the prior written consent of NRG;

e. use reasonable best efforts to include NRG in negotiations with the Debtors and the Committee regarding the Plan Documents;

f. to the extent any legal or structural impediment arises that would prevent, hinder or delay the consummation of the transactions contemplated in the Summary Term Sheet, to negotiate in good faith appropriate additional or alternative provisions to address any such impediment; provided that the economic outcome for the Parties, the timing of the Closing Date and other material terms of this Agreement and the Summary Term Sheet are preserved in any such provisions;

g. neither add nor agree to add any termination events, covenants, representations and warranties or conditions precedent that are not set forth in the Summary Term Sheet to the Agreed PSA, the Agreed Plan or any agreement, document or pleading related to either of the foregoing, except as expressly provided in this Agreement, without the prior written consent of NRG;

h. so long as its vote has been properly solicited pursuant to sections 1125 and 1126 of the Bankruptcy Code with respect to the Agreed Plan, including receipt of a Disclosure Statement and solicitation materials that have been approved by the Bankruptcy Court, (i) vote all Notes Claims that it holds or controls to accept the Agreed Plan following commencement of the solicitation of acceptances of the Agreed Plan in accordance with sections 1125 and 1126 of the Bankruptcy Code and (ii) will not change or withdraw such vote (or cause or direct such vote to be changed or withdrawn); provided, however, that such vote may be immediately revoked and withdrawn upon termination of this Agreement pursuant to the terms hereof and that no Supporting Noteholder shall be required to vote Notes Claims to accept any plan that is not the Agreed Plan; and

i. comply with all of its obligations under this Agreement unless compliance is waived in writing by NRG.

For the avoidance of doubt, nothing in this Agreement shall limit the rights of the Supporting Noteholders to: (i) appear and participate as a party in interest in any contested matter to be adjudicated in the Debtors' chapter 11 cases; (ii) initiate, prosecute, appear, or participate as a party in interest in, the EIX Litigation or any adversary proceeding in the Debtors' chapter 11 cases, so long as, in the case of each of (i) or (ii), such appearance, initiation, prosecution or participation and the positions advocated in connection therewith are not inconsistent with this Agreement (subject to any limited marketing period that the Agreed PSA may provide to the Debtors and to any Superior Proposal pursued in accordance with the terms of this Agreement);

(iii) object to any motion to approve the Agreed PSA, the Plan, the Disclosure Statement or to any other plan of reorganization, sale transaction or any motions related thereto, to the extent that the terms of any such motions, documents or other agreements are inconsistent with this Agreement or such other terms as are mutually agreed among the Parties and such inconsistencies were not approved in writing by such Supporting Noteholders; or (iv) file a copy of this Agreement or a description of the matters herein with the Bankruptcy Court under seal or to disclose such information as may be necessary or desirable in any motion seeking authority from the Bankruptcy Court for such filing under seal; provided, however, that NRG shall receive advance written notice of any filing that is not under seal.

5. Covenants of NRG. For so long as this Agreement has not been terminated in accordance with its terms, NRG hereby agrees and covenants to:

a. use its reasonable best efforts and work in good faith to consummate the Restructuring, including, without limitation, (i) to persuade the Debtors to pursue the Restructuring, including without limitation, to negotiate and enter into the Agreed PSA and to propose the Agreed Plan, (ii) to negotiate in good faith and prepare the Agreed Plan, the Agreed PSA and the other Plan Documents on the terms and conditions of the Summary Term Sheet (including, for the avoidance of doubt, the Plan Sponsor Protections and the PoJo Term Sheet) and such other terms as may be mutually satisfactory to the Parties (including such terms as may be agreed in this Agreement); (iii) to support the entry of orders of the Bankruptcy Court approving the Restructuring, including approval of the Agreed PSA, the Plan Sponsor Protections, the Disclosure Statement, and the Agreed Plan, as soon as reasonably practicable, and (iv) if the Debtors elect not to pursue, or delay in pursuit of, the Restructuring to negotiate alternative approaches to effect the Restructuring.

b. observe and abide by the Non-Solicitation Covenant;

c. not agree to any provision in the Plan Documents that is inconsistent with this Agreement or the Summary Term Sheet without the prior written consent of the Supporting Noteholders;

d. use reasonable best efforts to include the Supporting Noteholders in negotiations with the Debtors and the Committee regarding the Plan Documents;

e. to the extent any legal or structural impediment arises that would prevent, hinder or delay the consummation of the transactions contemplated herein, negotiate in good faith appropriate additional or alternative provisions to address any such impediment; provided that the economic outcome for the Parties, the timing of the Closing Date and other material terms of this Agreement are preserved in any such provisions;

f. not take any action that is inconsistent in any material respect with, or is intended to frustrate or impede approval and consummation of transactions described in, this Agreement or the Agreed Plan;

g. neither add nor agree to add any termination events, covenants, representations and warranties or conditions precedent that are not set forth in the Summary Term Sheet to the Agreed PSA, the Agreed Plan or any agreement, document or pleading related to either of the foregoing, except as expressly provided in this Agreement, without the prior written consent of the Supporting Noteholders;

h. prepare and file the Registration Statement, as further provided in Section 3.a) hereof;

i. use reasonable best efforts to obtain the Agreed PoJo Consent and to include the professional advisors to the Supporting Noteholders in negotiations with the PoJo Parties regarding the Agreed PoJo Consent;

j. to the extent it becomes a creditor entitled to vote on the Agreed Plan and so long as its vote has been properly solicited with respect to the Agreed Plan pursuant to sections 1125 and 1126 of the Bankruptcy Code, including receipt of a Disclosure Statement and solicitation materials that have been approved by the Bankruptcy Court, (i) vote all claims that it holds or controls to accept the Agreed Plan following commencement of the solicitation of acceptances of the Agreed Plan in accordance with sections 1125 and 1126 of the Bankruptcy Code and (ii) will not change or withdraw such vote (or cause or direct such vote to be changed or withdrawn); provided, however, that such vote may be immediately revoked and withdrawn upon termination of this Agreement pursuant to the terms hereof and that NRG shall not be required to vote claims to accept any plan that is not the Agreed Plan; and

k. comply with all of its obligations under this Agreement unless compliance is waived in writing by the Supporting Noteholders.

6. Representations and Warranties by the Supporting Noteholders. Each Supporting Noteholder (solely on its own behalf and not on behalf of any other Noteholder) represents and warrants on a several (but not joint) basis to NRG, as of the date hereof that:

a. such Supporting Noteholder (A) either (1) is the sole beneficial owner of the principal amount of Notes set forth in a separate letter to NRG delivered by counsel to the Supporting Noteholders simultaneously with this Agreement, or (2) has sole investment or voting discretion with respect to the principal amount of claims under the Notes (any such claims, the " Notes Claims") set forth in such letter and has the power and authority to bind the beneficial owner(s) of such Notes Claims to the terms of this Agreement, and (B) has full power and authority to act on behalf of, vote, and consent to matters concerning such Notes Claims and to dispose of, exchange, assign, and transfer such Notes Claims, including the power and authority to execute and deliver this Agreement and to perform its obligations hereunder;

b. such Supporting Noteholder has made no assignment, sale, participation, grant, conveyance, pledge, or other transfer of, and has not entered into any other agreement to assign, sell, use, participate, grant, convey, pledge, or otherwise transfer, in whole or in part, any portion of its right, title, or interests in any Notes Claims that are

subject to this Agreement that conflict with the representations and warranties of such Supporting Noteholder herein or would render such Supporting Noteholder otherwise unable to comply with this Agreement and perform its obligations hereunder;

c. such Supporting Noteholder (A) has the requisite knowledge and experience in financial and business matters of this type such that it is capable of evaluating the merits and risks of entering into this Agreement and of making an informed investment decision and has conducted an independent review and analysis of the business and affairs of the Company that it considers sufficient and reasonable for purposes of entering into this Agreement and (B) is an "accredited investor" (as defined by Rule 501 of the Securities Act of 1933, as amended);

d. this Agreement constitutes the legally valid and binding obligation of each such Supporting Noteholder thereto, as applicable, enforceable against it in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws relating to or limiting creditors' rights generally or by equitable principles relating to enforceability; and

e. such Supporting Noteholder does not have actual knowledge of the occurrence of any event that, due to any fiduciary or similar duty to any other person, would prevent it from taking any action required of it under this Agreement.

7. Representations and Warranties by NRG. NRG represents and warrants to the Supporting Noteholders that, as of the date hereof:

a. it has all requisite power and authority to enter into this Agreement and to carry out the transactions contemplated by, and perform its obligations under, this Agreement, the Agreed PSA, and the other Plan Documents, and the execution, delivery and performance by it of this Agreement, the Agreed PSA and the Plan Documents will not (i) contravene any applicable provision of any law, statute, rule or regulation, or any order writ, injunction, or decree of any court or governmental instrumentality or violate any provision of its organizational documents or (ii) conflict with, or result in a breach or constitute (with due notice or lapse of time or both) a default under any material contractual obligations to which it or any of its subsidiaries is a party;

b. the execution and delivery of this Agreement and the performance of its obligations hereunder have been duly authorized by all necessary action on its part;

c. this Agreement is the legally valid and binding obligation of NRG and is enforceable against NRG in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws relating to or limiting creditors' rights generally or by equitable principles relating to enforceability; and

d. except as expressly provided in this Agreement, the execution, delivery, and performance by it of this Agreement do not and shall not require any registration or filing with, consent or approval of, or notice to, or other action to, with or by, any federal, state, or other governmental authority or regulatory body other than, solely with respect

to its performance under the Plan Documents, the Bankruptcy Court, the SEC, FERC, PUCT and in relation to HSR (as applicable).

8. Transfers of Claims. Each Supporting Noteholder agrees that, so long as this Agreement has not been terminated in accordance with its terms, it shall not (a) grant any proxies to any person in connection with its Note Claims, or other claims against or interests in any Debtor, to vote on the Agreed Plan or any other plan in the Bankruptcy Cases or (b) sell, loan, issue, pledge, hypothecate, assign, transfer, or otherwise dispose of (including by participation) (the "Transfer"), directly or indirectly, in whole or in part, any Notes Claim, or any option thereon or any right or interest therein, unless (i) the transferee is a Party to this Agreement or (ii) if the transferee is not a Party to this Agreement prior to the effectiveness of the Transfer, such transferee delivers to NRG and counsel to the Supporting Noteholders, at or prior to the time of the proposed Transfer, an executed copy of a transfer agreement in the form of **Exhibit B** attached hereto, in which event the transferee shall be deemed to be a Supporting Noteholder hereunder solely with respect to the Note Claims purchased from a Supporting Noteholder (the "Purchased Note Claims") and shall be subject to all obligations and covenants of the Supporting Noteholders hereunder, including the Non-Solicitation Covenant, solely with respect to the Purchased Note Claims, and the transferor shall be deemed to relinquish its rights (and be released from its obligations) under this Agreement to the extent of such Purchased Note Claims. Each Supporting Noteholder agrees that any Transfer or purported Transfer that does not comply with this Agreement shall be deemed void *ab initio*. For the avoidance of doubt, this Agreement shall in no way be construed to preclude any holder of Notes Claims from acquiring additional Notes or any other claims against or interests in any of the Debtors; provided, that any additional Notes acquired shall, upon acquisition, automatically be deemed to be subject to all the terms of this Agreement. For the avoidance of doubt, the Parties agree that credit default swaps shall not be deemed or construed to be claims or interests in the Debtors.

Notwithstanding anything herein to the contrary (i) a Supporting Noteholder may Transfer or participate any right, title or interest in Note Claims to an entity that is acting in its capacity as a Qualified Marketmaker without the requirement that the Qualified Marketmaker be or become a Supporting Noteholder only if such Qualified Marketmaker has purchased such Note Claims with a view to immediate resale of such Note Claims to a transferee that has executed and delivered to NRG and counsel to the Supporting Noteholders a Transfer Agreement, and (ii) to the extent that a Supporting Noteholder is acting in its capacity as a Qualified Marketmaker, it may Transfer or participate any right, title or interest in any Notes that the Qualified Marketmaker acquires from a holder of the Notes who is not a Supporting Noteholder without the requirement that the transferee be or become a Supporting Noteholder. For avoidance of doubt, a Qualified Marketmaker may purchase, transfer or participate any claims against or interests in the Debtors other than Note Claims without any requirement that the transferee be or become subject to this Agreement.

For purposes of this Agreement, "Qualified Marketmaker" means an entity that (i) holds itself out to the market as standing ready in the ordinary course of its business to purchase from customers and sell to customers claims against EME and its affiliates (including debt securities, the Notes or other debt) or enter with customers into long and short positions in claims against EME and its affiliates (including debt securities, the Notes or other debt), in its capacity as a dealer or market maker in such claims against EME and its affiliates and (ii) is in fact regularly

in the business of making a market in claims against issuers or borrowers (including debt securities or other debt).

9. Termination Rights of NRG. This Agreement shall terminate, and all obligations of NRG shall immediately terminate and be of no further force and effect as to NRG, at 11:59 p.m., prevailing Eastern Time, on the date that is two (2) Business Days from the date on which the respective professional advisors to the Supporting Noteholders receive written notice from NRG of the occurrence of any of the events listed below (each, an " **NRG Termination Event**"), unless the NRG Termination Event is (A) waived by NRG or (B) previously consented to by NRG :

a. a material breach of this Agreement by any Supporting Noteholders that has not been cured within twenty Business Days of delivery of written notice of such breach by NRG; provided, however, that any alleged breach or default shall be deemed waived if no notice of such breach or default is delivered within 15 calendar days of the later of its alleged occurrence and the date NRG becomes aware thereof;

b. the Supporting Noteholders make any disclosure before a motion is filed seeking Bankruptcy Court approval of the Plan Sponsor Protections, to the extent that such disclosure is not allowed by this Agreement;

c. the failure of the PoJo Parties to enter into the Agreed PoJo Consent on or before October 18, 2013;

d. a motion to approve the Agreed PSA has not been filed with the Bankruptcy Court on or before October 18, 2013;

e. an order of the Bankruptcy Court approving the Agreed PSA has not been entered on or before November 7, 2013;

f. the Agreed Plan and Disclosure Statement have not been filed on or before November 15, 2013, for any reason other than NRG's failure to file the Registration Statement with the SEC;

g. any plan of reorganization inconsistent with this Agreement or the Summary Term Sheet is confirmed;

h. the Permitted Interim Sale Amount for any Permitted Interim Sale on or after September 9, 2013 is in an amount greater than $25,000,000 or the aggregate Permitted Interim Sale Amount for all such Permitted Interim Sales is in an amount greater than $50,000,000;

i. the Agreed Plan has not been confirmed on or before March 31, 2014;

j. the Closing Date has not occurred on or before July 31, 2014, *provided*, that NRG may not terminate this Agreement under this provision until October 31, 2014 if

the failure of the Closing Date to occur is the result of the failure by the Securities and Exchange Commission to declare the Registration Statement effective;

k. any of the PoJo Lease Documents are rejected pursuant to an order of the Bankruptcy Court at any time prior to the Closing Date, or the Bankruptcy Court (i) makes a determination that the amount required to cure all defaults under the PoJo Lease Documents is greater than the Agreed PoJo Cure Amount, (ii) fails to approve the modifications to the PoJo Lease Documents set forth in the PoJo Term Sheet or (iii) fails to grant any other relief necessary to effectuate the terms and conditions specified in the PoJo Term Sheet;

l. any of the Bankruptcy Cases is dismissed or is converted to a case under chapter 7 of the Bankruptcy Code; or

m. the Supporting Noteholders and NRG mutually agree in writing to terminate this Agreement;

provided, that no notice of termination from NRG shall be valid or enforceable if NRG is in breach of this Agreement at the time such notice is delivered.

10. Termination Rights of the Supporting Noteholders. This Agreement shall terminate, and all obligations of the Supporting Noteholders shall immediately terminate and be of no further force and effect as to the Supporting Noteholders, at 11:59 p.m., prevailing Eastern Time, on the date that is two (2) Business Days from the date that NRG receives written notice from the Required Supporting Noteholders or their counsel of the occurrence of any of the events listed below (each, a "Required Supporting Noteholder Termination Event"), unless the Required Supporting Noteholder Termination Event is (A) waived by the Required Supporting Noteholders or (B) previously consented to by the Required Supporting Noteholders :

a. a material breach by NRG of this Agreement or the Agreed PSA that has not been cured within twenty Business Days of delivery of written notice of such breach by the Required Supporting Noteholders or their counsel; provided, however, that any alleged breach or default shall be deemed waived if no notice of such breach or default is delivered within fifteen calendar days of the later of its alleged occurrence and the date any terminating party becomes aware thereof;

b. the failure of the PoJo Parties to enter into the Agreed PoJo Consent by November 29, 2013;

c. the filing of a plan support agreement that is not an Agreed PSA, a plan of reorganization that is not an Agreed Plan or any other agreement, document or pleading relating to either of the foregoing containing one or more provisions that are inconsistent with this Agreement and to which the Required Supporting Noteholders have not given their prior written consent;

d. the Debtors have failed to file the Agreed Plan and Disclosure Statement by November 15, 2013 and the Bankruptcy Court has extended the Debtors' exclusivity period to file a plan of reorganization beyond December 31, 2013;

e. the Agreed Plan has not been confirmed on or before March 31, 2014;

f. the Closing Date has not occurred on or before July 31, 2014;

g. the Bankruptcy Court (i) makes a determination that the amount required to cure all defaults under the PoJo Lease Documents is greater than the Agreed PoJo Cure Amount, (ii) fails to approve the modifications to the PoJo Lease Documents set forth in the PoJo Term Sheet, or (iii) fails to grant any other relief necessary to effectuate the terms and conditions of the PoJo Term Sheet;

h. any of the Bankruptcy Cases is dismissed or is converted to a case under chapter 7 of the Bankruptcy Code; or

i. the Required Supporting Noteholders and NRG mutually agree in writing to terminate this Agreement;

provided, that no notice of termination from the Required Supporting Noteholders shall be valid or enforceable if any Required Supporting Noteholder delivering such notice is in breach of this Agreement at the time such notice is delivered.

11. Effectiveness. This Agreement shall be immediately effective among the Parties upon the execution and delivery of the signature pages below. Delivery by facsimile or electronic mail of an executed counterpart of a signature page to this Agreement shall be effective as delivery of an original executed counterpart hereof. This Agreement and any amendments, waivers, consents or supplements hereto or in connection herewith may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument.

12. Reaffirmation. Upon the conclusion of negotiations regarding the Agreed Plan and the Agreed PSA, the Parties will reaffirm this Agreement through an appropriate amendment and restatement or otherwise.

13. No Solicitation. Notwithstanding anything to the contrary, this Agreement is not and shall not be deemed to be (a) a solicitation of consents to the Agreed Plan or any chapter 11 plan or (b) an offer for the issuance, purchase, sale, exchange, hypothecation, or other transfer of securities or a solicitation of an offer to purchase or otherwise acquire securities for purposes of the Securities Act of 1933 and the Securities Exchange Act of 1934, each as amended. The acceptance of the Supporting Noteholders will not be solicited until they, as applicable, have received a disclosure statement and related ballot, as approved by the Bankruptcy Court.

14. Time is of the Essence. The Parties to this Agreement acknowledge and agree that time is of the essence, and that the Parties must use best efforts to effectuate and consummate the Restructuring as soon as reasonably practicable.

15. No Third Party Beneficiaries. Unless otherwise expressly stated herein, this Agreement shall be solely for the benefit of the Parties and no other person or entity shall be a third party beneficiary hereof.

16. **Relationship Among the Parties.** Nothing herein shall be deemed or construed to create a partnership, joint venture or other association between or among any of the Parties. Each Party agrees and understands that no Party has any fiduciary duty or other duty of trust or confidence (except to the extent expressly set forth in this Agreement) in any form to any other Party or any third party arising from or relating to this Agreement, the Plan Documents or the transactions contemplated hereby or thereby.

17. **Entire Agreement.** This Agreement constitutes the entire agreement of the Parties with respect to the subject matter hereof and supersedes all prior agreements (oral and written) and all other prior negotiations.

18. **Governing Law; Waiver of Jury Trial.** This Agreement shall be governed by, and construed in accordance with, the internal laws of the State of New York applicable to contracts made and to be performed in such state, without giving effect to the conflicts of law principles thereof (except for section 5-1401 of the New York General Obligations Law). By execution and delivery of this Agreement, each of the Parties hereto hereby irrevocably accepts and submits itself to the jurisdiction of the Bankruptcy Court and agrees that the Bankruptcy Court shall have exclusive jurisdiction of all matters arising out of or in connection with this Agreement. EACH PARTY HERETO IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT.

19. **Independent Analysis.** NRG and each Supporting Noteholder hereby confirms that it has made its own decision to execute this Agreement based upon its own independent assessment of documents and information available to it, as it has deemed appropriate.

20. **Notices.** All notices hereunder shall be in writing and shall be deemed duly given only upon receipt by facsimile, courier, nationally recognized overnight delivery service or by registered or certified mail (return receipt requested) to the following addresses or facsimile numbers (or at such other addresses or facsimile numbers as shall be specified by like notice):

If to NRG, to:

NRG Energy, Inc.
211 Carnegie Center
Princeton, NJ 08540-6213
Attn.: Brian Curci
Fax: 609.524.4501

with a copy to:

Baker Botts L.L.P.
1299 Pennsylvania Avenue, NW
Washington, DC 20004-2400
Attn.: Elaine M. Walsh
Fax: 202.585.1042

-and-

Baker Botts L.L.P.
2001 Ross Avenue
Dallas, Texas 75201
Attn.: C. Luckey McDowell
Fax: 214.661.4571

If to any Supporting Noteholder, the address set forth in the separate letter to NRG delivered by counsel to the Supporting Noteholders simultaneously with this Agreement.

If to the counsel for the Supporting Noteholders, to:

Ropes & Gray LLP
1211 Avenue of the Americas
New York, New York 10036
Attn.: Keith H. Wofford
Fax: 212.596.9090

-and-

Ropes & Gray LLP
800 Boylston Street
Boston, Massachusetts 02199
Attn.: Stephen Moeller-Sally
Fax: 617.951.7050

Any notice given by courier, national recognized overnight delivery service, or registered or certified mail shall be effective when received at the address provided in this Section 20. Any notice given by facsimile shall be effective upon oral or machine confirmation of transmission.

21. Severability. Any term or provision of this Agreement that is invalid or unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the extent of such invalidity or unenforceability without rendering invalid or unenforceable the remaining terms and provisions of this Agreement or affecting the validity or enforceability of any of the terms or provisions of this Agreement in any other jurisdiction. If any provision of this Agreement is so broad as to be unenforceable, the provision shall be interpreted to be only as broad as is enforceable.

22. Headings. The headings of the paragraphs of this Agreement are inserted for convenience only and shall not affect the interpretation of this Agreement.

23. Amendments. Except as otherwise provided herein, this Agreement may not be modified, amended, or supplemented without prior written agreement signed by each of NRG and the Required Supporting Noteholders.

[*Signature Pages Follow*]

The undersigned Parties hereby execute this Agreement as of the date first set forth above:

NRG:

NRG ENERGY, INC.

By: /s/ Christopher Sotos
Name: Christopher Sotos
Title: SVP Strategy and M&A

THE SUPPORTING NOTEHOLDERS:

AVENUE INVESTMENTS L.P.

By: /s/ Sonia Gardner
Name: Sonia Gardner
Title: Member

BLUEMOUNTAIN CREDIT ALTERNATIVES MASTER FUND L.P.
By: BlueMountain Capital Management, LLC, its investment manager

By: /s/ David M. O'Mara
Name: David M. O'Mara
Title: Assistant General Counsel & Vice President

BLUEMOUNTAIN DISTRESSED MASTER FUND L.P.
By: BlueMountain Capital Management, LLC, its investment manager

By: /s/ David M. O'Mara
Name: David M. O'Mara
Title: Assistant General Counsel & Vice President

BLUEMOUNTAIN TIMBERLINE, LTD.
By: BlueMountain Capital Management, LLC, its investment manager

By: /s/ David M. O'Mara
Name: David M. O'Mara
Title: Assistant General Counsel & Vice President

BLUEMOUNTAIN STRATEGIC CREDIT MASTER FUND L.P.
By: BlueMountain Capital Management, LLC, its investment manager

By: /s/ David M. O'Mara
Name: David M. O'Mara
Title: Assistant General Counsel & Vice President

BLUEMOUNTAIN LONG/SHORT CREDIT MASTER FUND L.P.
By: BlueMountain Capital Management, LLC, its investment manager

By: /s/ David M. O'Mara
Name: David M. O'Mara
Title: Assistant General Counsel & Vice President

BLUEMOUNTAIN CREDIT OPPORTUNITIES MASTER FUND I L.P.
By: BlueMountain Capital Management, LLC, its investment manager

By: /s/ David M. O'Mara
Name: David M. O'Mara
Title: Assistant General Counsel & Vice President

BLUEMOUNTAIN KICKING HORSE FUND L.P.
By: BlueMountain Capital Management, LLC, its investment manager

By: /s/ David M. O'Mara
Name: David M. O'Mara
Title: Assistant General Counsel & Vice President

BLUEMOUNTAIN MONTENVERS MASTER FUND SCA SICAV-SIF
By: BlueMountain Capital Management, LLC, its investment manager

By: /s/ David M. O'Mara
Name: David M. O'Mara
Title: Assistant General Counsel & Vice President

BLUEMOUNTAIN LONG/SHORT CREDIT AND DISTRESSED
REFLECTION FUND P.L.C., a sub-fund of AAI BLUEMOUNTAIN FUND P.L.C.
By: BlueMountain Capital Management, LLC, its investment manager

By: /s/ David M. O'Mara
Name: David M. O'Mara
Title: Assistant General Counsel & Vice President

P. SCHOENFELD ASSET MANAGEMENT LP,
an investment manager on behalf of its affiliated investment funds

By: /s/ Peter Schoenfeld
Name: Peter Schoenfeld
Title: CEO

Signature Page to Restructuring Support Agreement

STRATEGIC VALUE MASTER FUND, LTD.

By: /s/ Lewis Schwartz
Name: Lewis Schwartz
Title: Chief Financial Officer

STRATEGIC VALUE SPECIAL SITUATIONS MASTER FUND II,LP

By: /s/ Lewis Schwartz
Name: Lewis Schwartz
Title: Chief Financial Officer

STRATEGIC VALUE SPECIAL SITUATIONS OFFSHORE FUNDII-A, LP

By: /s/ Lewis Schwartz
Name: Lewis Schwartz
Title: Chief Financial Officer

Signature Page to Restructuring Support Agreement

YORK CAPITAL MANAGEMENT GLOBAL ADVISORS, LLC,
on behalf of funds and/or accounts managed or advised by it or
its affiliates

By: /s/ Richard P. Swanson
Name: Richard P. Swanson
Title: General Counsel

Exhibit A

The Summary Term Sheet

Execution Version **STRICTLY CONFIDENTIAL**

Summary Term Sheet

*This term sheet (the "**Summary Term Sheet**")*, dated September 9, 2013, *describes the terms of a potential consensual transaction among NRG Energy, Inc. ("**NRG**"), the undersigned holders of senior unsecured notes of Edison Mission Energy (the "**Supporting Noteholders**"), Edison Mission Energy ("**EME**") and certain of its debtor subsidiaries in the chapter 11 cases (the "**Debtors**") filed in the United States Bankruptcy Court for the Northern District of Illinois (the "**Bankruptcy Court**"), and the Official Committee of Unsecured Creditors of the Debtors (the "**Creditors' Committee**" and, collectively with NRG, EME and the other Debtors and the Supporting Noteholders, the " **Parties**"). The illustrative terms set forth herein are for discussion purposes only; neither these terms nor the terms of any other potential transaction are binding on the Parties (as hereinafter defined) or any other parties absent definitive documentation. The Parties presently contemplate that they may enter into definitive documentation in respect of the matters considered herein, and any binding agreements would be set forth in such definitive documentation, if any. No legally binding obligations will be created unless and until mutually acceptable definitive documentation, if any, is executed and delivered by all parties. Notwithstanding the foregoing, NRG and the Supporting Noteholders agree that the provisions regarding the Interim Covenant Period (defined below) are binding on NRG and the Supporting Noteholders as provided in this Summary Term Sheet.*

This Summary Term Sheet is neither (i) an offer to sell, a solicitation of an offer to buy, a solicitation of an offer to sell or a commitment to purchase or sell securities; nor (ii) a solicitation of votes for any potential plan of reorganization under chapter 11 of the Bankruptcy Code. Any such offer to sell, solicitation of an offer to buy, solicitation of an offer to sell or commitment to purchase or sell securities, or solicitation of votes for any potential plan of reorganization under chapter 11 of the Bankruptcy Code shall comply with all applicable securities laws and the provisions of the Bankruptcy Code. This Summary Term Sheet is subject to the confidentiality agreements executed by NRG and the Supporting Noteholders (collectively, the " **Confidentiality Agreements**").

Parties	• NRG • The Supporting Noteholders. The Supporting Noteholders hold approximately $1.673 billion of the Notes issued by EME.(1) • The Debtors • The Creditors' Committee
Transaction Structure	• NRG, the Debtors, the Creditors' Committee and the Supporting Noteholders (but only to the extent they are Plan co-proponents) will enter into a plan sponsor agreement (the "**Plan Sponsor**

(1) For purposes of this Summary Term Sheet, the term "**Notes**" shall mean, collectively, the (i) 7.50% Senior Fixed Rate Notes due 2013 and 7.75% Senior Fixed Rate Notes due 2016 issued pursuant to that certain Indenture by and between Edison Mission Energy and Wells Fargo Bank, N.A., as trustee (the "**Indenture Trustee**"), dated as of June 6, 2006 (as amended, modified, waived, or supplemented through the date hereof), and (ii) 7.00% Senior Fixed Rate Notes due 2017, 7.20% Senior Fixed Rate Notes due 2019, and 7.625% Senior Fixed Rate Notes due 2027 issued pursuant to that certain Indenture by and between EME and the Indenture Trustee, dated as of May 7, 2007 (as amended, modified, waived, or supplemented through the date hereof).

Agreement") pursuant to which, in return for the Purchase Price (as defined below), NRG will acquire (a) all of the outstanding equity interests in EME's direct and indirect subsidiaries; (b) all of EME's cash and cash equivalents (whether restricted or unrestricted); (c) all interests in any assets, including executory contracts and unexpired leases, used in the operation of EME's or its subsidiaries' businesses as currently conducted consistent with past practice in the ordinary course and (d) such other assets as may be agreed by NRG, the Supporting Noteholders, the Creditors' Committee and the Debtors (the assets described in the foregoing clauses (a), (b), (c) and (d), collectively, the "**Acquired Assets**"). The acquisition of the Acquired Assets shall be accomplished through a plan of reorganization in the chapter 11 cases of the Debtors consistent with the terms set forth herein and in form and substance reasonably satisfactory to the Parties (the "**Plan**").

- NRG will assume only (i) the EME Assumed Liabilities, (ii) the Debtor Assumed Liabilities, and (iii) the Non-Debtor Assumed Liabilities (defined below).

- Pursuant to the Plan, MWG will assume the leases (the "**PoJo Leases**") and other operative documents associated with the Powerton-Joliet ("**PoJo**") sale-leaseback transactions (the "**PoJo Transactions**") on terms and conditions set forth in the term sheet attached hereto as Exhibit A (the "**PoJo Leases Term Sheet**").

- For the avoidance of doubt, the acquisition of the Acquired Assets and the assumption of the EME Assumed Liabilities and the Debtor Assumed Liabilities shall include the assumption by the applicable Debtors of all collective bargaining and other union agreements, and NRG will honor the seniority under existing collective bargaining agreements of all transferred union employees under NRG's pension, PBOP (post-retirement benefits other than pension), non-qualified and other post-retirement plans, as well as other employee welfare plans.

- All indebtedness and other liabilities owed (a) by EME to any of the entities directly or indirectly acquired in the transaction or (b) by such entities to EME, will either be cancelled, assumed by NRG or otherwise rendered unenforceable in a manner reasonably satisfactory to the Parties. For the avoidance of doubt, at closing EME shall be released of any and all obligations under the intercompany notes dated August 24, 2000 issued by EME in favor of MWG (the "**MWG Intercompany Notes**").

- The Supporting Noteholders and NRG will enter into a restructuring support agreement (the "**Restructuring Support**

Agreement") pursuant to which they will agree to use reasonable best efforts and work in good faith to effect the transactions contemplated hereby and to ensure that NRG, Debtors, the Creditors' Committee and the Supporting Noteholders (but only to the extent they are Plan co-proponents) enter into the Plan Sponsor Agreement. The Restructuring Support Agreement will be binding on the Supporting Noteholders and NRG upon execution and delivery of signatures by all parties to the Restructuring Support Agreement.

- The Restructuring Support Agreement shall provide that the Supporting Noteholders and NRG shall not:

    - directly or indirectly (i) seek, solicit, support, encourage, or vote any claims for, consent to, encourage, or participate in any discussions regarding the negotiation or formulation of any plan of reorganization, proposal, offer, dissolution, winding up, liquidation, reorganization, merger, consolidation, business combination, joint venture, partnership, sale of assets, or restructuring for any EME entity that is in any way inconsistent with this Summary Term Sheet in any material respect; (ii) take any other action that would delay or obstruct the approval of the transactions contemplated by this Summary Term Sheet in any material respect; or (iii) otherwise support any plan or sale process that is inconsistent with this Summary Term Sheet (collectively, a "**Non-Solicitation Covenant**"); or

    - take any action that is inconsistent in any material respect with, or is intended to frustrate or impede approval and consummation of transactions described in, the Restructuring Support Agreement or the Plan; provided, however, that the Non-Solicitation Covenant and other non-solicitation obligations set forth herein and therein shall not restrict the Supporting Noteholders' legal and financial advisors from communicating with (i) legal or financial advisors for the Debtors or the Creditors' Committee; provided that, in communications with the legal and financial advisors for the Debtors or the Creditors' Committee, the Supporting Noteholders' legal and financial advisors do not seek, solicit, support, or encourage any action that is inconsistent with, or that would delay or obstruct the approval of, the transactions described in this Summary Term Sheet or (ii) holders of the Notes in any respect, and nothing in this Summary Term Sheet shall be deemed or construed as a waiver of attorney-client privilege.

    - For the avoidance of doubt, nothing in this Summary

Term Sheet, the Restructuring Support Agreement or the Plan Sponsor Agreement shall limit the rights of the Supporting Noteholders (i) to appear and participate as a party in interest in any contested matter to be adjudicated in the Debtors' chapter 11 cases, (ii) to initiate, prosecute, appear, or participate as a party in interest in, the EIX Litigation or any adversary proceeding in the Debtors' chapter 11 cases, so long as, in the case of each of (i) or (ii), such appearance, initiation, prosecution or participation and the positions advocated in connection therewith are not inconsistent with the Restructuring Support Agreement, (iii) to object to any motion to approve the Plan Sponsor Agreement, the Plan, any disclosure statement filed in connection with the Plan or to any other plan of reorganization, sale transaction or any motions related thereto, to the extent that the terms of any such motions, documents or other agreements are inconsistent with this Summary Term Sheet, or (iv) to file a copy of this Summary Term Sheet or a description of the matters herein with the Bankruptcy Court under seal or to disclose such information as may be necessary or desirable in any motion seeking authority from the Bankruptcy Court for such filing under seal.

- The Restructuring Support Agreement (i) shall include customary provisions to allow for trading in the Notes subject to an agreement by the transferee to assume the transferor's support obligations and a customary market-maker carve-out and (ii) shall extend the covenants and undertakings set forth herein, including the covenants in effect during the Interim Covenant Period.

- The Creditors' Committee shall, and the Supporting Noteholders may, be co-proponents of the Plan with the Debtors.

EME Assumed Liabilities EME Assumed Liabilities means only, with respect to EME:

- all trade and vendor accounts payable arising from or out of the operation of the Acquired Assets prior to the closing;

- all liabilities and obligations of EME under the PoJo Leases and related PoJo Lease documents, including without limitation any tax indemnity agreements associated with the PoJo leases, which shall be guaranteed by NRG, arising on and after the closing;

- (i) with respect to assumed executory contracts and leases, all cure costs and liabilities and (ii) with respect to rejected executory contracts and leases, all rejection damages; for avoidance of doubt, each executory contract and lease shall be

either assumed or rejected under the Plan in NRG's sole and absolute discretion, and NRG shall not assume any liability for rejection damages arising from the rejection of executory contracts or leases on or before the date hereof or any rejection of such agreements after the date hereof without the consent of NRG;

- with respect to all employees subject to a collective bargaining agreement, all liabilities and obligations for accrued salary, wages, medical benefits, sick leave, vacation time and other employee welfare benefits;

- with respect to all employees not subject to a collective bargaining agreement employed as of the closing date and not accepting an offer of employment from NRG, all obligations payable on termination, if any ("**Assumed EME Severance Obligations**"); provided, however, that the Assumed EME Severance Obligations shall not include (i) any obligation payable on termination to the seven most highly compensated EME or subsidiary employees or (ii) any obligation to the extent arising under any Incentive Plans (as defined below); and

- all liabilities and obligations with respect to ownership or operation of the Acquired Assets from and after the closing.

Debtor Assumed Liabilities

Debtor Assumed Liabilities means, with respect to any direct or indirect subsidiary of EME that is a debtor in these chapter 11 cases (collectively, the "**Debtor Subsidiaries**"):

- subject to the bar date order and the discharge and related injunctions in the Plan, all claims either allowed by final order of the Bankruptcy Court or claims not objected to within the time provided by the Plan; provided, however, that Debtor Assumed Liabilities shall not include any Excluded Liabilities;

- (i) with respect to assumed executory contracts and leases, all cure costs and liabilities excluding the Agreed PoJo Cure Amount (as defined the PoJo Leases Term Sheet) and (ii) with respect to rejected executory contracts and leases, all rejection damages, which shall be paid in full in cash; for avoidance of doubt, each executory contract and lease shall be either assumed or rejected under the Plan in NRG's sole and absolute discretion, and NRG shall not assume any liability for rejection damages arising from the rejection of executory contracts or leases on or before the date hereof or any rejection of such agreements after the date hereof without the consent of NRG;

- with respect to all employees subject to a collective bargaining agreement, all liabilities and obligations for accrued salary, wages, medical benefits, sick leave, vacation time and other employee welfare benefits;

- with respect to all employees not subject to a collective bargaining agreement employed as of the closing date and not accepting an offer of employment from NRG, all obligations payable on termination, if any (together with the Assumed EME Severance Obligations, the "**Assumed Severance Obligations**"); provided, however, the Assumed Severance Obligations shall not include (i) any obligation payable on termination to the seven most highly compensated EME or subsidiary employees or (ii) any obligation to the extent arising under any Incentive Plans (as defined below).

Non-Debtor Assumed Liabilities

Non-Debtor Assumed Liabilities means, with respect to any direct or indirect subsidiary of EME that is not a debtor under these chapter 11 cases (collectively, the "**Non-Debtor Subsidiaries**"):

- all liabilities of such Non-Debtor Subsidiaries other than Excluded Liabilities.

Excluded Liabilities

Excluded Liabilities means

- all liabilities and obligations of EME that are not EME Assumed

Liabilities;

- all liabilities and obligations arising under the Notes;

- all liabilities and obligations (i) to any current or former employee, executive, independent contractor or consultant of the Debtors (x) under the Debtors' existing 2013 short-term incentive plan, long-term incentive plan, or any other bonus or incentive plans (the "**Incentive Plans**") or (y) for any change in control payments arising from the acquisition of the Acquired Assets or severance obligations arising from a termination of employment prior to the closing date, in each case under applicable employment agreements or employee programs of the Debtors, or (ii) to employees, retirees and retiree eligible employees of EME and its subsidiaries under applicable pension, PBOP (post-retirement benefits other than pension), non-qualified, or any other post-retirement plans (collectively, the "**EIX Plans**");

- all liabilities and obligations to beneficiaries (including spouses and dependents) other than employees, retirees and retiree eligible employees of EME and its subsidiaries relating to or arising under any EIX Plan (including claims arising under a theory of control group liability);

- all liabilities for rejection damages arising from the rejection of executory contracts or leases of EME or any Debtor Subsidiaries on or before the date hereof or any rejection of such agreements after the date hereof without the consent of NRG;

- all liabilities and obligations asserted by EIX, other than liabilities and obligations under ordinary course shared services and other operating arrangements;

- the Agreed PoJo Cure Amount (as defined in the PoJo Leases Term Sheet);

- all liabilities and obligations incurred by the Committee, Noteholders, EME or any its subsidiaries relating to legal services, accounting services, financial advisory services, investment banking services or any other professional services performed in connection with this transaction or these chapter 11 bankruptcy cases;

- all liabilities and obligations for the following taxes:

    - Any and all U.S. federal, state, local, and foreign taxes, assessments, fees and similar charges owing to any governmental authority, together with any interest,

penalty, addition to tax or additional amount with respect thereto, in each case which are imposed on, or are attributable to the operations, assets, revenues, sales, payroll or income of, EME, any Debtor Subsidiaries, and/or any Non-Debtor Subsidiaries with respect to any taxable period (including quarterly estimated tax periods) ending on or prior to the closing date, but excluding those taxes (other than those specified in the following paragraph) that are not due and payable until after the closing date if such taxes may be paid after the closing date without interest or penalty.

- Any income taxes payable by EME, any Debtor Subsidiaries, and any Non-Debtor Subsidiaries as a result of this transaction or in respect of any cancellation of indebtedness income recognized in connection with the consummation of any of the transactions set forth in the Plan.

- Any liability in respect of taxes, assessments, fees and similar charges (and related penalties and interest) described in the preceding paragraphs as a result of the application of U.S. Treasury Regulation § 1.1502-6 or any comparable provision of state, local or foreign law, as a transferee or successor.

Interim Covenants

- Until the earlier of (a) October 2, 2013 or (b) the date on which the parties execute the Restructuring Support Agreement (the "**Interim Covenant Period**"), NRG and the Supporting Noteholders shall observe the Non-Solicitation Covenant.

- During the Interim Covenant Period, NRG:

    - Shall use reasonable best efforts to negotiate, document and consummate the transactions contemplated in this Summary Term Sheet in accordance with the terms and conditions herein;

- Shall not execute any non-disclosure agreement with the Debtors that (i) prohibits it from communicating or engaging in any discussions or negotiations with the Supporting Noteholders or the Creditors' Committee or (ii) interferes with the ability of the Supporting Noteholders to make public disclosures as provided by this Summary Term Sheet or their respective confidentiality agreements with NRG;

- Shall not agree to any provision in the Plan Sponsor Agreement or the Plan that is inconsistent with this Summary Term Sheet (including, without limitation, the

PoJo Leases Term Sheet) without the prior written consent of the Supporting Noteholders;

- Shall use reasonable best efforts to include the Supporting Noteholders in negotiations with the Debtors and the Creditors Committee regarding the Plan Sponsor Agreement and the Plan;

- Shall use reasonable best efforts to obtain the written consent from the Powerton Parties and Joliet Parties on terms consistent with the attached PoJo Leases Term Sheet, and to include the advisors to the Supporting Noteholders in negotiations with the Powerton Parties and Joliet Parties; and

- Shall prepare the Registration Statement (as defined below).

- During the Interim Covenant Period, the Supporting Noteholders:

  - Shall use reasonable best efforts to negotiate, document and consummate the transactions contemplated in this Summary Term Sheet in accordance with the terms and conditions herein;

  - Shall not agree to any provision in the Plan Sponsor Agreement or the Plan that is inconsistent with this Summary Term Sheet (including, without limitation, the PoJo Leases Term Sheet) without the prior written consent of NRG; and

  - Shall use reasonable best efforts to include NRG and the in negotiations with the Debtors and the Creditors Committee regarding the Plan Sponsor Agreement and the Plan.

- To the extent any legal or structural impediment arises that would prevent, hinder or delay the consummation of the transactions contemplated herein in accordance with the terms and conditions of this Summary Term Sheet, the parties shall negotiate in good faith appropriate additional or alternative provisions to address any such impediment; provided that the economic outcome for each party, the timing of closing and other material terms are preserved in any such provisions.

Price

- The transaction proposed by NRG shall have an aggregate transaction value, excluding Acquired Cash, of $3,600,000,000 ("**Transaction Value**").

- The price to be paid by NRG for the Acquired Assets (the

"**Purchase Price**") will be $2,650,000,000, assuming Acquired Cash at closing of $1,063,000,000 (the "**Target Cash Balance**"). "**Acquired Cash**" means all cash and cash equivalents at EME and its direct and indirect subsidiaries, including, without limitation, cash posted as collateral or margin (as of the closing date), restricted deposits and the non-consolidated proportionate share of any cash held by joint ventures.

- The Purchase Price will be adjusted (i) upward or downward on a dollar-for-dollar basis to the extent of any positive or negative variance, respectively, between the Target Cash Balance and actual Acquired Cash at closing and (ii) upward or downward on a dollar-for-dollar basis to the extent of any positive or negative variance, respectively, between $1,545,000,000 (such amount, the "**Target Debt Balance**") and actual Assumed Debt Balance at closing. "**Assumed Debt Balance**" means the aggregate outstanding indebtedness for borrowed money at EME's direct and indirect subsidiaries other than MWG.

- If MWG makes any payment of Basic Lease Rent (as defined in the PoJo Leases) due and payable on or after January 2, 2014 under the PoJo Leases, whether as cure or otherwise, the Target Cash Balance shall be decreased dollar-for-dollar by the amount of each such payment.

- In the event of a Casualty or Condemnation Loss (as defined below), (i) the Purchase Price shall be decreased dollar-for-dollar by the Excess Loss Amount (as defined below), if any, and (ii) the Target Cash Balance shall be increased by the aggregate amount of insurance proceeds and/or condemnation awards actually received in respect of such Casualty or Condemnation Loss and not yet spent on repairs or restoration or otherwise reinvested in operating assets.

- The Purchase Price will be reduced dollar-for-dollar by the amount of the proceeds received by the Debtors in any sale of Acquired Assets to an entity other than NRG (other than in the ordinary course of business consistent with past practice) in an amount less than or equal to $25,000,000;

- EME will not materially change the accounting, billing or cash management practices used by EME and its subsidiaries (including with respect to the timing and frequency of collection of receivables and payment of

payables) from present practices.

- The Purchase Price will be paid as follows:
  - $350,000,000 of the Purchase Price will be paid in the form of registered, unrestricted, freely-transferrable common stock of NRG, valued based on the volume-weighted average trading price of such securities over the 20 complete business days prior to the public disclosure of the transactions contemplated hereby.
  - The remainder of the Purchase Price will be paid in cash, as will any Purchase Price adjustment.
- For the avoidance of doubt, the Purchase Price does not include (i) the assumed liabilities of the PoJo Leases (as described herein) or (ii) the value of NRG's guarantee thereof.

The Purchase Price shall be paid at closing to reorganized EME (or another post-confirmation vehicle mutually agreed by the Supporting Noteholders and the Creditors Committee) for distribution on the effective date of the Plan to holders of Excluded Liabilities that are allowed claims in the EME chapter 11 case with reserves established in amounts to be agreed by the Supporting Noteholders and the Creditors' Committee solely for the prosecution of the EIX litigation and for such other purposes as may be mutually agreed by the Supporting Noteholders and the Creditors' Committee.

Casualty / Condemnation

If there has been any Casualty or Condemnation Loss occurring prior to the closing date where such Casualty or Condemnation Loss is, individually or in the aggregate, greater than 10% but less than or equal to 20% of Transaction Value, then the Purchase Price shall be reduced by an amount equal to the excess of (x) the total remaining costs as of the closing date of repairing or restoring the affected facilities to a condition reasonably comparable to their condition prior to such casualty or condemnation (as estimated by a qualified engineering firm reasonably acceptable to NRG and the Supporting Noteholders) after giving effect to any insurance proceeds and condemnation awards available to NRG (which, to the extent actually received and not spent, shall be added to the Target Cash Balance for the purpose of the Purchase Price adjustment) *minus* (y) the amount equal to 10% of Transaction Value (such excess, the "**Excess Loss Amount**"). In no event shall the Excess Loss Amount exceed 10% of Transaction Value.

Plan Sponsor Protections

- Each of the Parties agrees that it will use commercially reasonable efforts to obtain as soon as practicable (i) formal execution of the Plan Sponsor Agreement, and (ii) approval by the Bankruptcy Court of the Plan Sponsor Agreement, which

will include the following protections in favor of NRG:

- a Non-Solicitation Covenant binding upon the Debtors, the Creditors' Committee and the Supporting Noteholders (but only to the extent they are Plan co-proponents), subject only to the respective right of the Creditors' Committee and the Debtors to consider unsolicited superior proposals (the "**Fiduciary Duty Exception**");

- a termination fee equal to $65 million; and

- an expense reimbursement for NRG's actual and reasonable out of pocket expenses, including reasonable attorneys' fees and reasonable out of pocket expenses incurred by attorneys and investment bankers.

- Upon execution of the Plan Sponsor Agreement, the termination fee and expense reimbursement shall be several (but not joint) obligations of EME's non-debtor subsidiaries, apportioned based on the relative percentage of Transaction Value attributable to each such entity; provided however, that upon approval of the Plan Sponsor Agreement by the Bankruptcy Court, the Debtors shall have joint and several liability for all termination fee and expense reimbursement obligations.

- The termination fee and expense reimbursement shall be deemed fully earned by NRG upon the termination of the Plan Sponsor Agreement, including by exercise of a Fiduciary Duty Exception, except that no termination fee or expense reimbursement shall be earned or payable (i) if NRG has breached its obligations under the Restructuring Support Agreement or the Plan Sponsor Agreement (unless such breach has been cured or waived); (ii) NRG terminates the Plan Sponsor Agreement based on lapse of time, (iii) if any party terminates the Plan Sponsor Agreement for failure of the Plan to be consummated on or before July 31, 2014; or (iv) if any Party terminates the Plan Sponsor Agreement based on the failure to satisfy the Condition Precedents described herein.

- Once earned, no termination fee or expense reimbursement shall be paid by the Debtors until consummation of any transaction involving a material amount of the Acquired Assets, including without limitation the confirmation of any chapter 11 plan whereby EME retains its equity interests.

Powerton-Joliet Sale-Leaseback

- Pursuant to the Plan:

  - Subject to payment of the Agreed PoJo Cure Amount by MWG and the NRG Adequate Assurance (each as defined in the PoJo Leases Term Sheet), on the closing

date Midwest Generation, LLC will assume the PoJo Leases and other operative documents associated with the PoJo Transactions on the terms and conditions set forth in the PoJo Leases Term Sheet; and

- On the closing date, EME will be released and discharged from all of its obligations with respect to the PoJo Leases, the Tax Indemnity Agreements and other operative documents associated with PoJo Transactions and the MWG Intercompany Notes.

For the avoidance of doubt, the NRG Adequate Assurance is incremental to the Purchase Price.

- While the transaction is being pursued, the parties to the PoJo Transactions shall consent to extend the time granted to MWG to assume or reject the PoJo Leases and the applicable parties shall forbear from exercising remedies until the earliest of (i) consummation of the Plan, (ii) date of termination of the Restructuring Support Agreement, (iii) the date of termination of the Plan Sponsor Agremeent, or (iv) June 30, 2014, on substantially similar terms and conditions as under the Modified Extension Term Sheet attached as Exhibit A to the Order Extending Time to Assume or Reject Facility Leases and Related Agreements entered by the Bankruptcy Court on June 27, 2013 (the "**Extension Term Sheet**"). For the avoidance of doubt, (i) until consummation of the Plan, the rights of the Debtors, the Creditors' Committee, the parties to the PoJo Transactions and the Supporting Noteholders with respect to recharacterization of the PoJo Leases and otherwise shall be preserved, whether or not consent and forbearance set forth in the foregoing proviso are granted, maintained, rescinded, terminated or otherwise rendered ineffective and (ii) the extension of MWG's time to assume or reject the PoJo Leases shall not be a condition precedent to any of the transactions contemplated hereby and any termination, expiration or failure of the Parties to the PoJo Transactions to consent to such an extension shall not give rise to a breach or default under any definitive documentation.

Rights Concerning EIX

- EME shall retain (or, to the extent applicable, EME's direct and indirect subsidiaries shall assign to EME) all rights related to or arising from (a) claims and causes of action made (or which could be made) on behalf of EME and its present direct and indirect subsidiaries against Edison International, Inc. ("**EIX**"), its direct and indirect subsidiaries (other than EME and its direct and indirect subsidiaries) (the " **EIX Litigation Parties**" and the "**EIX Litigation**"); (b) contracts with EIX Litigation Parties; (c) claims against EIX Litigation Parties in the Debtors' chapter 11 proceedings; and (d) any other obligations of or associated with

EIX Litigation Parties, including, without limitation, receivables from EIX, shared services, tax sharing payments and insurance policies.(2) For the avoidance of doubt, all claims set forth in the draft complaint attached to the Creditors' Committee's motion filed on July 31, 2013 seeking standing to prosecute claims (the "**Draft Complaint**") are included in the EIX Litigation and all defendants named in the Draft Complaint are EIX Litigation Parties, unless specifically provided releases in connection with the Plan. The EIX Litigation will be prosecuted and controlled by reorganized EME or a litigation trust created pursuant to the Plan.

- NRG shall not (i) seek any term, or the implementation of any term in any manner, that requires the approval, consent or cooperation of any EIX Litigation Party, or gives any EIX Litigation Party a veto right, such that any EIX Litigation Party could demand the settlement or reduction in value of the EIX Litigation; or (ii) take any other action that would undermine the conduct of the EIX Litigation by EME or its successors.

- To the extent any entity included in the Acquired Assets is a necessary party for purposes of EME's successful pursuit of the EIX Litigation, such entity will reasonably cooperate with reorganized EME or the litigation trust, as applicable, as necessary or desirable for such successful pursuit; provided, however, that reorganized EME or the litigation trust, as applicable, shall reimburse such entity for the reasonable out of pocket costs it incurs in connection with such cooperation.

- EME shall retain all rights under the various tax sharing agreements with affiliates other than its subsidiaries.

Releases and Exculpations

- The Plan shall provide for customary releases and exculpations for the Plan proponents, NRG and the Supporting Noteholders (including permitted assigns).

- All chapter 5 causes of action, other than those asserted against EIX Litigation Parties, shall be released pursuant to the Plan; provided, however, that with the consent of NRG, whose consent shall not be unreasonably withheld, the Debtors, the Creditors' Committee and/or the Supporting Noteholders may list additional parties in a schedule to the Plan Sponsor Agreement who will not be released from chapter 5 causes of action.

- All Excluded Liabilities that may be asserted against NRG or

(2) **NTD**: Confirm appropriate description.

any entity included in the Acquired Assets shall be released and enjoined pursuant to the Plan and confirmation order.

- The Plan proponents shall make a showing, and will seek that the confirmation order contain appropriate findings, that (i) NRG would not fund the Plan or the recoveries to the creditors of the Debtor Subsidiaries and Non-Debtor Subsidiaries, nor would EME release its claims against its subsidiaries, and the Plan would fail, absent the release and injunction of Excluded Liabilities; (ii) the Excluded Liabilities are narrowly tailored; (iii) barring the Excluded Liabilities, in light of their narrow tailoring, does not constitute "blanket immunity" for the subsidiaries receiving such releases; and (iv) the release of such subsidiaries is not inconsistent with the Bankruptcy Code.

Conditions Precedent

- Conditions precedent to closing shall be limited solely to:
  - Entry by the Bankruptcy Court of an order confirming the Plan, which order shall include the "Releases and Exculpations" set forth above, shall be consistent with the terms contained in this Summary Term Sheet, shall be in a form reasonably acceptable to each Party, and shall not be subject to a stay.
  - No renewal or extension of any collective bargaining agreement other than on terms materially consistent with the existing agreement and in no event beyond December 31, 2014.
  - Required regulatory approvals:
    - Approval of the Federal Energy Regulatory Commission (FERC) under Section 203 of the Federal Power Act.
    - HSR, to the extent applicable.
    - The Parties shall use reasonable best efforts to obtain the required regulatory approvals, including, without limitation, NRG and/or EME selling or holding separate their respective assets; provided that neither NRG nor EME shall be required to sell or hold separate its assets, and, without the prior written consent of the other party, nor shall either agree to sell or hold separate its assets, unless such sale or hold separate order would not, or not reasonably be expected to, have a Material Adverse Effect on the Acquired Assets, taken as a whole, or on NRG, taken as a whole.

- For the avoidance of doubt, regulatory approvals shall not include relief from the Illinois Pollution Control Board ("**IPCB**") for any variances or waivers with respect to the coal-fired facilities owned by MWG or any other relief from the IPCB or from any other environmental regulatory agency with respect to the Assets.

- Since July 11, 2013, neither EME nor any of its subsidiaries shall have increased the principal amount of its respective debt, whether recourse or non-recourse, or otherwise materially restructured any of its debt obligations (collectively, a "**Leverage Event**") without the express written consent of NRG; provided, however, that a Leverage Event may occur to the extent such Leverage Event is required for EME or one of its subsidiaries to comply with their fiduciary duties; provided, further, that in such event the Leverage Event will subject to the purchase price adjustment provided for in this Summary Term Sheet.

- The Registration Statement (as defined below) shall have been declared effective by the Securities and Exchange Commission and shall not be subject to any proceeding, order or other action that limits such effectiveness.

- Absence of a Material Adverse Effect on the Acquired Assets between signing and closing of the Plan Sponsor Agreement. Material Adverse Effect will be defined in manner customary to acquisition agreements (e.g., no numerical thresholds) and include customary general carve-outs (e.g., changes in law, changes in GAAP, changes generally affecting the economy and the financial markets), industry-specific carve-outs (e.g., changes generally affecting the electric power industry, electric power markets or electric power transmission or distribution, except to the extent such changes have a disproportionate effect on the Acquired Assets taken as a whole; changes in waivers or variances from the IPCB; and changes in commodity prices, including, without limitation, gas, coal or electricity), and Acquired Assets-specific carve-outs (e.g., adverse effects of chapter 11 proceedings, adverse effects of the announcement of the transaction, Casualty or Condemnation Losses and a Walnut Creek Loss).

- There has not been a (i) Casualty or Condemnation Loss that is, individually or in the aggregate, after the application of any available insurance proceeds and condemnation awards (provided such proceeds are added

to the Target Cash Balance for the purpose of the purchase price adjustment), greater than 20% of the Transaction Value or (ii) a Walnut Creek Loss.

- "**Casualty or Condemnation Loss**" means with respect to the Acquired Assets any damage, destruction or unavailability or unsuitability for the intended purpose by fire, weather conditions, or other casualty or taking in condemnation or right of eminent domain.

- "**Walnut Creek Loss**" means any of the following: (i) the actual loss of all or substantially all of the approximately 479 MW gas-fired generating facility at the Walnut Creek Energy Park in the City of Industry, California ("**Walnut Creek Station**"); (ii) the destruction of all or substantially all of the Walnut Creek Station such that there remains no substantial remnant thereof which a prudent owner, desiring to restore the Walnut Creek Station to its original condition, would utilize as the basis of such restoration; (iii) the destruction of all or substantially all of the Walnut Creek Station irretrievably beyond repair; (iv) the destruction of all or substantially all of the Walnut Creek Station such that the cost of repair would equal or exceed the cost of replacement; (v) the destruction of all or substantially all of the Walnut Creek Station such that the insured may claim a "total loss" under any insurance policy covering the Walnut Creek Station upon abandoning the Walnut Creek Station to the insurance underwriters therefor; or (vi) the condemnation or taking by eminent domain of all or a substantial portion of the real property at the Walnut Creek Station, provided that such condemnation or taking is material to the operation of the Walnut Creek Station.

- For the avoidance of doubt, there shall be no other conditions precedent to closing, such as, without limitation, conditions precedent relating to due diligence, environmental contingencies, financing, or litigation (including, without limitation, the ongoing litigation between Chevron Kern River Company, Chevron Sycamore Cogeneration Company and the Debtors).

Restructuring Fees

- The estate of EME shall pay the fees and expenses of the

professional advisors to the Supporting Noteholders (Ropes & Gray LLP, Houlihan Lokey Capital, Inc. and regulatory counsel) on a current basis, with a catch-up for all invoiced fees and expenses on the date the Restructuring Support Agreement is approved and payment of all accrued and unpaid fees and expenses on the effective date of the Plan. This payment obligation shall be incorporated as a term and condition of the Restructuring Support Agreement, the Plan Sponsor Agreement and the Plan.

- Immediately prior to closing, the estate of MWG shall pay (i) the reasonable fees and actual out-of-pocket expenses of the attorneys to the PoJo Parties (as defined in the PoJo Leases Term Sheet) on a current basis through the consummation of the Plan, and (ii) the monthly fees and actual out-of-pocket expenses of the financial advisors to the PoJo Parties (as defined in the PoJo Leases Term Sheet) on a current basis through December 31, 2013 (the "**PoJo Restructuring Fees**"). For the avoidance of doubt, the PoJo Restructuring Fees shall not include any success or other incentive fees owed to any financial advisor to the PoJo Parties.

- The Debtors' estates shall pay the fees and expenses of the professional advisors to the Creditors' Committee (including, without limitation, Akin Gump Strauss Hauer & Feld LLP, Blackstone Advisory Partners L.P. and FTI Consulting, Inc.) and the Debtors in accordance with the orders governing estate professional fees in the Debtors' chapter 11 cases.

- NRG will be responsible for paying the fees and expenses of its own professional advisors.

NRG Cost Basis in Assets

- The Parties will work in good faith to effectuate a cost basis to NRG in the assets of the acquired entities; provided, however, that the Debtors shall not incur, or otherwise bear the cost of, any additional tax liability or suffer any other costs in connection therewith (including, without limitation, by reason of a tax sharing agreement), and it being understood that achievement of this result is not a condition precedent to closing.

EME Tax Attributes

- The Plan will include provisions, and the Parties will file and/or support motions and otherwise cooperate as may be reasonably necessary or desirable to enjoin and prevent EIX from taking any actions affecting the net operating losses, production tax credits or other tax attributes of EME and its direct and indirect subsidiaries.

Representations

- The representations and warranties given by NRG and Debtors in the Plan Sponsor Agreement relating to organization, power

and Warranties	and authority, noncontravention and governmental approvals will be substantially identical. • For the avoidance of doubt, none of the Parties (including EME and the Debtor Subsidiaries) or the Non-Debtor Subsidiaries will be required to give any business-related representations and warranties in the Restructuring Support Agreement, the Plan Sponsor Agreement or any agreement related to any of the foregoing or any of the contemplated transactions.
Pre-Closing Remedies	• The Plan Sponsor Agreement shall provide that, in addition to any other remedies they may have, the Supporting Noteholders, the Debtors and the Creditors' Committee shall have the remedy of specific performance, including, without limitation, to compel NRG to close the transactions contemplated under this Summary Term Sheet, the Restructuring Support Agreement, the Plan Sponsor Agreement and the Plan. The Restructuring Support Agreement shall provide that NRG and the Supporting Noteholders shall have specific performance as the sole remedy.
Post-Closing Remedies	• The representations and warranties of the Parties and EME will not survive the closing. After the closing, there will be no liability for breach of any pre-closing covenants. • No indemnities, holdbacks or escrows other than the reserves expressly set forth in the section hereof entitled "Price".
Registration of Securities	• NRG shall file a registration statement on Form S-1 (the "**Registration Statement**") registering the distribution of the NRG common pursuant to the Plan on or before the hearing to approve the disclosure statement in support of the Plan and shall cause the Registration Statement to become effective no later than the time the Plan is consummated. NRG will prepare and file with the SEC such amendments and supplements to the Registration Statement and the prospectus used in connection therewith as may be necessary to keep the Registration Statement effective and to comply with the provisions of the Securities Act with respect to the disposition of all securities covered by the Registration Statement until 30 days after the effective date of the Plan. The obligation of NRG to register such securities shall be subject to other covenants, representations, warranties and conditions as are applicable to transactions of this type.
Disclosure Rights	• The Supporting Noteholders shall be entitled to make public the terms of this transaction any time on or after October 18, 2013 so long as the Supporting Noteholders provide NRG with three business days' prior written notice of such proposed disclosure..
Termination	• NRG may terminate the Restructuring Support Agreement by

Events of Restructuring Support Agreement

written notice upon the occurrence of any of the following events:

- a material breach of the Restructuring Support Agreement by any party other than NRG that has not been cured within twenty business days' of delivery of written notice of such breach by NRG; provided, however, that any alleged breach or default shall be deemed waived if no notice of such breach or default is delivered within 15 calendar days of the later of its alleged occurrence and the date the terminating party becomes aware thereof;

- any disclosure by the Supporting Noteholders not allowed by the Confidentiality Agreements made before a motion is filed seeking court approval of the Plan Sponsor Protections;

- the absence of written agreement of the PoJo Parties to the terms of the PoJo Leases Term Sheet on or before October 18, 2013;

- a motion to approve the Plan Sponsor Agreement has not been filed with the Bankruptcy Court on or before October 18, 2013;

- an order approving the Plan Sponsor Agreement has not been entered by the Bankruptcy Court on or before November 7, 2013;

- a Plan and Disclosure Statement in support of this transaction has not been filed on or before November 15, 2013, other than by reason of NRG's failure to file the Registration Statement with the Securities and Exchange Commission;

- any plan of reorganization inconsistent with this Summary Term Sheet is confirmed;

- Acquired Assets are sold to an entity other than NRG (other than in the ordinary course of business consistent with past practice) in an amount greater than $25,000,000;

- the Plan has not been confirmed on or before March 31, 2014;

- the Plan has not been consummated on or before July 31, 2014; or

- the PoJo Leases are rejected pursuant to an order of the Bankruptcy Court at any time prior to consummation of

the Plan, or the Bankruptcy Court (i) makes a determination that the amount required to cure all defaults under the Operative Documents is greater than the Agreed PoJo Cure Amount, (ii) fails to approve the modifications to the Operative Documents set forth in the PoJo Leases Term Sheet, or (iii) fails to grant any other relief necessary to effectuate the terms and conditions of the PoJo Leases Term Sheet.

- The Supporting Noteholders may terminate the Restructuring Support Agreement by written notice upon or after any of the following occurrences:

    - a material breach of the Restructuring Support Agreement or the Plan Sponsor Agreement by NRG that has not been cured within twenty business days' of delivery of written notice of such breach by the Debtors, the Supporting Noteholders or the Creditors' Committee; provided, however, that any alleged breach or default shall be deemed waived if no notice of such breach or default is delivered within 15 calendar days of the later of its alleged occurrence and the date the terminating party becomes aware thereof;

    - the absence of written agreement of the PoJo Parties to terms of the PoJo Leases Term Sheet by November 29, 2013;

    - The filing of a Plan Sponsor Agreement, a Plan or any other agreement, document or pleading relating to either of the foregoing containing one or more provisions that are inconsistent with this Summary Term Sheet as to which the Supporting Noteholders have not given their prior written consent;

    - The Debtor has failed to file a Plan and Disclosure to implement the Plan by November 15, 2013 and the Bankruptcy Court has extended the Debtors' exclusivity period to file a plan of reorganization beyond December 31, 2013;

    - the Plan shall not have been confirmed on or before March 31, 2014;

    - the Bankruptcy Court (i) makes a determination that the amount required to cure all defaults under the Operative Documents is greater than the Agreed PoJo Cure Amount, (ii) fails to approve the modifications to the Operative Documents set forth in the PoJo Leases Term Sheet, or (iii) fails to grant any other relief necessary to

effectuate the terms and conditions of the PoJo Leases Term Sheet; or

- the Plan has not been consummated on or before July 31, 2014.

Termination Events of Plan Sponsor Agreement

- NRG may terminate the Plan Sponsor Agreement upon the occurrence of any of the following events:
  - a material breach of the Restructuring Support Agreement or the Plan Sponsor Agreement by any party other than NRG that has not been cured within twenty business days' of delivery of written notice of such breach by NRG; provided, however, that any alleged breach or default shall be deemed waived if no notice of such breach or default is delivered within 15 calendar days of the later of its alleged occurrence and the date the terminating party becomes aware thereof;
  - a motion by EME to approve the Plan Sponsor Agreement has not been filed on or before October 18, 2013;
  - a Plan and Disclosure Statement in support of this transaction has not been filed by October 22, 2013;
  - an order approving the Plan Sponsor Agreement has not been entered by the Bankruptcy Court on or before November 7, 2013;
  - the Disclosure Statement has not been approved by December 18, 2013;
  - any plan of reorganization inconsistent with this Summary Term Sheet is confirmed;
  - Acquired Assets are sold to an entity other than NRG (other than in the ordinary course of business consistent with past practice) in an amount greater than $25,000,000;
  - the Plan has not been confirmed on or before March 31, 2014;
  - the Plan has not been consummated on or before July 31, 2014; or
  - the PoJo Leases are rejected pursuant to an order of the Bankruptcy Court at any time prior to consummation of the Plan, or the Bankruptcy Court (i) makes a determination that the amount required to cure all defaults under the Operative Documents is greater than

the Agreed PoJo Cure Amount, (ii) fails to approve the modifications to the Operative Documents set forth in the PoJo Leases Term Sheet, or (iii) fails to grant any other relief necessary to effectuate the terms and conditions of the PoJo Leases Term Sheet.

- The Debtors or the Creditors' Committee may terminate the Plan Sponsor Agreement upon or after any of the following occurrences:

    - a material breach of the Restructuring Support Agreement or the Plan Sponsor Agreement by NRG that has not been cured within twenty business days' of delivery of written notice of such breach by NRG; provided, however, that any alleged breach or default shall be deemed waived if no notice of such breach or default is delivered within 15 calendar days of the later of its alleged occurrence or the date the terminating party becomes aware thereof;

    - at any time pursuant to the Fiduciary Duty Exception;

    - the Plan shall not have been confirmed on or before March 31, 2014;

    - the Bankruptcy Court (i) makes a determination that the amount required to cure all defaults under the Operative Documents is greater than the Agreed PoJo Cure Amount, (ii) fails to approve the modifications to the Operative Documents set forth in the PoJo Leases Term Sheet, or (iii) fails to grant any other relief necessary to effectuate the terms and conditions of the PoJo Leases Term Sheet; or

    - the Plan has not been consummated on or before July 31, 2014.

- The Supporting Noteholders may terminate the Plan Sponsor Agreement upon or after any of the following occurrences:

    - a material breach of the Restructuring Support Agreement or the Plan Sponsor Agreement by NRG that has not been cured within twenty business days' of delivery of written notice of such breach by NRG; provided, however, that any alleged breach or default shall be deemed waived if no notice of such breach or default is delivered within 15 calendar days of the later of its alleged occurrence and the date the terminating party becomes aware thereof;

    - the Debtor has failed to file a Plan and Disclosure to

implement the Plan by November 15, 2013 and court has extended the Debtors' exclusivity period to file a plan;

- the Plan shall not have been confirmed on or before March 31, 2014;

- the Bankruptcy Court (i) makes a determination that the amount required to cure all defaults under the Operative Documents is greater than the Agreed PoJo Cure Amount, (ii) fails to approve the modifications to the Operative Documents set forth in the PoJo Leases Term Sheet, or (iii) fails to grant any other relief necessary to effectuate the terms and conditions of the PoJo Leases Term Sheet; or

- the Plan has not been consummated on or before July 31, 2014.

- For the avoidance of doubt, neither NRG nor the Supporting Noteholders shall either add or agree to add any additional termination events, covenants, representations and warranties or conditions precedent to the Plan Sponsor Agreement, the Plan or any agreement, document or pleading related to either of the foregoing without the prior written consent of the other party.

NRG intends to file a registration statement (including a prospectus) with the SEC for the offering to which this communication relates. Before you invest, you should read the prospectus in that registration statement and other documents the issuer will file with the SEC for more complete information about the issuer and this offering. You may get these documents for free by visiting EDGAR on the SEC Web site at the time of filing at www.sec.gov. Alternatively, the company will arrange to send you the prospectus after filing if you request it by calling 609-524-4500 or emailing investor.relations@nrgenergy.com.

The undersigned Parties hereby execute this Summary Term Sheet as of the date first written above:

NRG:

NRG ENERGY INC.

By: /s/ Brian Curci
Name: Brian Curci
Title: Corporate Secretary

[*Signature Page to NRG-Supporting Noteholder Summary Term Sheet*]

SUPPORTING NOTEHOLDERS:

AVENUE INVESTMENTS L.P.
By: Avenue Partners, LLC, its general partner

By: /s/ Marc Lasry
Name: Marc Lasry
Title: Member

[*Signature Page to NRG-Supporting Noteholder Summary Term Sheet*]

BLUEMOUNTAIN CREDIT ALTERNATIVES MASTER FUND L.P.

By: /s/ Paul A. Friedman
Name: Paul A. Friedman
Title: Authorized Signatory

BLUEMOUNTAIN DISTRESSED MASTER FUND L.P.

By: /s/ Paul A. Friedman
Name: Paul A. Friedman
Title: Authorized Signatory

BLUEMOUNTAIN TIMBERLINE, LTD.

By: /s/ Paul A. Friedman
Name: Paul A. Friedman
Title: Authorized Signatory

BLUEMOUNTAIN STRATEGIC CREDIT MASTER FUND L.P.

By: /s/ Paul A. Friedman
Name: Paul A. Friedman
Title: Authorized Signatory

[*Signature Page to NRG-Supporting Noteholder Summary Term Sheet*]

BLUEMOUNTAIN LONG/SHORT CREDIT
MASTER FUND L.P.

By: /s/ Paul A. Friedman
Name: Paul A. Friedman
Title: Authorized Signatory

BLUEMOUNTAIN CREDIT OPPORTUNITIES
MASTER FUND I L.P.

By: /s/ Paul A. Friedman
Name: Paul A. Friedman
Title: Authorized Signatory

BLUEMOUNTAIN KICKING HORSE FUND L.P.

By: /s/ Paul A. Friedman
Name: Paul A. Friedman
Title: Authorized Signatory

BLUEMOUNTAIN MONTENVERS MASTER
FUND SCA SICAV-SIF

By: /s/ Paul A. Friedman

Name: Paul A. Friedman
Title: Authorized Signatory

[*Signature Page to NRG-Supporting Noteholder Summary Term Sheet*]

BLUEMOUNTAIN LONG/SHORT CREDIT AND DISTRESSED REFLECTION FUND P.L.C., a sub-fund of AAI BLUEMOUNTAIN FUND P.L.C.

By: /s/ Paul A. Friedman
Name: Paul A. Friedman
Title: Authorized Signatory

[*Signature Page to NRG-Supporting Noteholder Summary Term Sheet*]

P. SCHOENFELD ASSET MANAGEMENT LP,
as investment manager on behalf of its affiliated investment funds

By: /s/ Peter Schoenfeld
Name: Peter Schoenfeld
Title: Chief Executive Officer

STRATEGIC VALUE MASTER FUND, LTD.
By: Strategic Value Partners, LLC, its Investment Manager

By: /s/ Edward C. Kelly
Name: Edward C. Kelly
Title: Chief Operating Officer

STRATEGIC VALUE SPECIAL SITUATIONS MASTER FUND II, LP
By: SVP Special Situations II LLC, its Investment Manager

By: /s/ Edward C. Kelly
Name: Edward C. Kelly
Title: Chief Operating Officer

STRATEGIC VALUE SPECIAL SITUATIONS OFFSHORE FUND II-A, LP

By: /s/ Edward C. Kelly
Name: Edward C. Kelly
Title: Chief Operating Officer

YORK CAPITAL MANAGEMENT GLOBAL ADVISORS, LLC,
on behalf of funds and/or accounts managed or advised by it or
its affiliates

By: /s/ Richard P. Swanson
Name: Richard P. Swanson
Title: General Counsel

[*Signature Page to NRG-Supporting Noteholder Summary Term Sheet*]

The PoJo Leases

*In connection with the term sheet dated September 9, 2013 (the "**Summary Term Sheet**") describing the terms of a potential consensual transaction among NRG Energy, Inc. ("**NRG**"), certain holders of senior unsecured notes of Edison Mission Energy signatory thereto (the "**Supporting Noteholders**"), Edison Mission Energy ("**EME**") and certain of its debtor subsidiaries in the chapter 11 cases (the "**Debtors**") filed in the United States Bankruptcy Court for the Northern District of Illinois (the "**Bankruptcy Court**"), and the Official Committee of Unsecured Creditors of the Debtors whereby NRG will acquire EME and its direct and indirect subsidiaries pursuant to a plan of reorganization (the "**Reorganization**"), NRG intends to seek the consent of the Parties (as defined below) to the Participation Agreements, dated August 17, 2000 (the "**Participation Agreements**") and the Operative Documents (as defined in the Participation Agreements), to the following modifications of the Operative Documents and the following treatment under the Plan (as defined in the Summary Term Sheet. The illustrative terms set forth herein are for discussion purposes only. Capitalized terms used but not defined herein shall have the meaning ascribed thereto in the Participation Agreements.*

Parties

Powerton Parties:

- Midwest Generation, LLC ("MWG")
- Nesbitt Asset Recovery Series P-1, as Owner Lessor
- Powerton Trust II, as the Owner Lessor
- Wilmington Trust Company, as the Owner Trustee
- Nesbitt Asset Recovery LLC, Series P-1, as Owner Participant
- Powerton Generation II, LLC, as the Owner Participant
- The Bank of New York Mellon, as the successor Lease Indenture Trustee
- The Bank of New York Mellon, as the successor Pass Through Trustee

Joliet Parties:

- MWG
- Nesbitt Asset Recovery Series J-1, as Owner Lessor
- Joliet Trust II, as the Owner Lessor
- Wilmington Trust Company, as the Owner Trustee
- Nesbitt Asset Recovery LLC, Series J-1, as Owner Participant
- Joliet Generation II, LLC, as the Owner Participant
- The Bank of New York Mellon, as the successor Lease Indenture Trustee
- The Bank of New York Mellon, as the successor Pass Through Trustee

Each of the foregoing is a "PoJo Party" and, collectively, all of the foregoing are the "PoJo Parties" for purposes of this PoJo Leases Term Sheet. To the extent the consent of other parties are required to effectuate the transactions contemplated herein, such party shall be included as a "PoJo Party" in the consent and waiver agreement containing the terms and conditions set forth herein (the "**Agreement**").

Terms of the Agreement	Assumption of the Operative Documents:
	• On the effective date of the Plan, and subject to the payment of the Agreed PoJo Cure Amount by MWG and the NRG Adequate Assurance (each as defined herein), MWG shall assume the Facility Leases and the other Operative Documents, as modified in accordance with the terms and provisions hereof.
	
	Modifications:
	• The Agreement would require the Parties to consent to, and enter into amendments effectuating, the following modifications to the Operative Documents:
	  • Sections VII and VIII of each Participation Agreement shall be deleted in their entirety.
	  • NRG shall assume all rights and obligations of EME under the Tax Indemnity Agreements and shall provide the NRG Guarantee (as defined below).
	  • Each EME Guarantee, the Reimbursement Agreement and each EME OP Guarantee shall be terminated and of no further force or effect.
	  • Other than as set forth herein, all other rights and obligations of EME under the Operative Documents shall become rights and obligations of MWG.
	  • Due to the extinguishment of each EME Note pursuant to the terms of the Reorganization, all references in the Operative Documents to the EME Notes shall be eliminated.
	
	Agreed PoJo Cure Amount:
	• The Plan shall provide that the payment by MWG of the Agreed PoJo Cure Amount on the effective date of the Plan will satisfy all obligations of the Debtors to cure breaches or defaults under the Facility Leases and the other Operative Documents (including, without limitation, the Tax Indemnity Agreement) and that no Supplemental Rent or other payments are due on account of such breaches or defaults or any other event occurring prior to the effective date of the Plan.
	• "Agreed PoJo Cure Amount" means (i) the sum, payable by MWG, of (x) the amount of accrued and unpaid Basic Lease Rent due and payable on any Rent Payment Date occurring prior to the effective date of the Plan *plus* (y) the amount of accrued and unpaid PoJo Restructuring Fees (as defined in the Summary Term Sheet) as of the effective date of the Plan, if any, *minus* (ii) the sum of all payments made in respect of Rent pursuant to any forbearance, extension or other agreement with any of the PoJo Parties except the Initial Payment made under the Forbearance Agreement by and among the PoJo Parties

dated December 16, 2012. For the avoidance of doubt, the Agreed PoJo Cure Amount expressly excludes any Supplemental Rent, Overdue Interest or other default interest, interest on interest, or any other costs, fees, penalties or charges.

NRG Adequate Assurance:

- As adequate assurance of future performance under the Facility Leases and the other Operative Documents, on the effective date of the Plan, NRG shall issue a guarantee in favor of each Owner Lessor (the "***NRG Guarantee***"), which would be substantially similar to the EME Guarantee.

Waivers and Releases:

- The PoJo Parties will waive, and release NRG, EME and all of EME's subsidiaries from, any breach, default or claim under any covenant contained in the Operative Documents arising on or before the assumption of the Operative Documents and the effective date of the Plan.

Representations, Warranties and Covenants:

- The PoJo Parties will represent, warrant and covenant that:
  - The Plant Modifications (as defined herein) do not and will not give rise to a breach, event of default, indemnity or other claim or cause of action under the Operative Documents.
  - Until the earliest of (i) consummation of the Plan, (ii) the date of termination of the Restructuring Support Agreement, (iii) the date of termination of the Plan Sponsor Agreement, or (iv) June 30, 2014, they will forbear on terms substantially identical to the extension term sheet in effect as of the date of the Summary Term Sheet.
  - They will cooperate and use reasonable best efforts to obtain regulatory and other approvals necessary to consummate the transactions contemplated by the Summary Term Sheet, including, without limitation, making appropriate filings in FERC Docket No. EC13-103-000.
  - They will support the approval of the Restructuring Support Agreement, the Plan Sponsor Agreement and the Plan by the Bankruptcy Court on the terms set forth in this PoJo Lease Term Sheet and the Summary Term Sheet.
- The covenants and agreements of NRG and the proposed treatment of the Parties pursuant to the Reorganization are

expressly conditioned upon the entry by each of the Parties (including, for the avoidance of doubt, the Indenture Trustees, the Pass Through Trustees, the Owner Participants and any other Party) and by holders of Powerton-Joliet Pass Through Trust Certificates (the "Certificates") representing in the aggregate more than a majority of the outstanding principal amount of the Certificates into a written agreement to support the transactions contemplated by this term sheet and the Summary Term Sheet, enforceable against them by NRG and the Supporting Noteholders. The PoJo Parties and holders of Certificates executing such agreement must also agree that the foregoing covenants will be binding on their successors and assigns or any assignment of their interests will be deemed void *ab initio*.

Description of Plant Modifications

NRG intends to implement the following changes to the Facilities (the "***Plant Modifications***"):

- Powerton: Install a Dry Sorbent Injection (Trona) system and Mercury Controls.
- Joliet: Install a gas pipeline and boiler modifications to permit the Facility to run on natural gas.

NRG expects that the Facilities will continue to operate principally with the same equipment and will not be offline for any material amount of time while the foregoing modifications are being implemented.

Exhibit B

Form of Transfer Agreement

Form of Transfer Agreement

The undersigned (the "**Transferee**") hereby acknowledges that it has reviewed the Restructuring Support Agreement, dated as of October 2, 2013 (the "**Agreement**")(1), by and among NRG Energy, Inc., **[Transferor's Name]** (the "**Transferor**"), and the other Supporting Noteholders signatory thereto, and hereby agrees to be bound by the terms and conditions thereof binding on the Supporting Noteholders to the extent the Transferor was thereby bound, without modification and shall be deemed a Supporting Noteholder under the Agreement.

The Transferee acknowledges and agrees that any Transfer of Notes from the Transferor is null and void if it does not comply with the Agreement and is not effective unless and until an executed copy of this Transfer Agreement is delivered NRG and counsel to the Supporting Noteholders in accordance with Section 20 of the Agreement.

Date: [ ], 201[ ]

[Transferee's Name]

By: _____
Name:
Title:

Principal amount of Notes held:

$ of 7.50% Notes due 2013.

$ of 7.75% Notes due 2016.

$ of 7.00% Notes due 2017.

$ of 7.20% Notes due 2019.

$ of 7.625% Notes due 2027.

Date:

[Address**]**
Attention:
Fax:
Email:

(1) All capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Agreement.

Exhibit 2.3

EXECUTION VERSION

THIS PLAN SPONSOR AGREEMENT IS NOT AN OFFER WITH RESPECT TO ANY SECURITIES OR A SOLICITATION OF VOTES WITH RESPECT TO A CHAPTER 11 PLAN OF REORGANIZATION. ANY SUCH OFFER OR SOLICITATION WILL COMPLY WITH ALL APPLICABLE SECURITIES LAWS AND/OR PROVISIONS OF THE BANKRUPTCY CODE. ACCEPTANCES OR REJECTIONS WITH RESPECT TO A CHAPTER 11 PLAN OF REORGANIZATION MAY NOT BE SOLICITED UNTIL A DISCLOSURE STATEMENT HAS BEEN APPROVED BY THE BANKRUPTCY COURT.

PLAN SPONSOR AGREEMENT

by and among

NRG ENERGY, INC.,

EDISON MISSION ENERGY AND CERTAIN OF ITS DEBTOR SUBSIDIARIES,

OFFICIAL COMMITTEE OF UNSECURED CREDITORS OF EDISON MISSION ENERGY AND ITS AFFILIATED DEBTORS,

THE UNDERSIGNED POJO PARTIES,

and

THE UNDERSIGNED SUPPORTING NOTEHOLDERS

dated as of October 18, 2013

NRG intends to file a registration statement (including a prospectus) with the SEC for the offering to which this communication relates. Before you invest, you should read the prospectus in that registration statement and other documents the issuer will file with the SEC for more complete information about the issuer and this offering. You may get these documents for free by visiting EDGAR on the SEC Web site at the time of filing at www.sec.gov. Alternatively, the company will arrange to send you the prospectus after filing if you request it by calling 609-524-4500 or emailing investor.relations@nrgenergy.com.

PLAN SPONSOR AGREEMENT

This Plan Sponsor Agreement (including all exhibits annexed hereto which are incorporated by reference herein, this " Agreement") is made and entered into as of October 18, 2013, by and among NRG Energy, Inc. and NRG Energy Holdings Inc. (together, " NRG"), the Debtors (as defined below), the Official Committee of Unsecured Creditors of the Debtors (the " Committee"), each of the undersigned supporting noteholders (each, a "Supporting Noteholder," and collectively, the "Supporting Noteholders"), and each of the PoJo Parties (as defined in the "PoJo Term Sheet" attached hereto as **Exhibit C**). Each of NRG, the Debtors, the Committee, the Supporting Noteholders, and each of the PoJo Parties is referred to as a "Party" and collectively as the "Parties."

WHEREAS, on December 17, 2012 (the "Petition Date"), Edison Mission Energy, a Delaware corporation ("EME") and certain of its direct and indirect subsidiaries (collectively, the "First-Filed Debtors") filed voluntary petitions for relief under chapter 11 of title 11 of the United States Code (the "Bankruptcy Code") in the United States Bankruptcy Court for the Northern District of Illinois (the " Bankruptcy Court"). On May 2, 2013, Edison Mission Finance Co., EME Homer City Generation L.P., and Homer City Property Holdings, Inc. (collectively, and together with Chestnut Ridge Energy Company and Mission Energy Westside Inc., the "Homer City Debtors" and, together with the First-Filed Debtors, the "Debtors") filed voluntary petitions for relief under chapter 11 of the Bankruptcy Code in the Bankruptcy Court. The Debtors' bankruptcy cases (the "Chapter 11 Cases") are jointly administered under the caption *In re Edison Mission Energy*, Case No. 12-49219 (JPC) (Bankr. N.D. Ill.);

WHEREAS, on January 7, 2013, the United States Trustee appointed the Committee in the Chapter 11 Cases;

WHEREAS, the Supporting Noteholders hold debt securities issued by EME under: (a) that certain Indenture, dated as of June 6, 2006 (as amended, modified, waived, or supplemented, the " 2006 Indenture"), providing for the issuance of 7.50% Senior Fixed Rate Notes due 2013 and 7.75% Senior Fixed Rate Notes due 2016 and (b) that certain Indenture, dated as of May 7, 2007 (as amended, modified, waived, or supplemented, the "2007 Indenture," and with the 2006 Indenture, the "Indentures"), providing for the issuance of 7.00% Senior Fixed Rate Notes due 2017, 7.20% Senior Fixed Rate Notes due 2019, and 7.625% Senior Fixed Rate Notes due 2027 (such notes issued under the Indentures, the " Notes," and the holders of such Notes, the "Noteholders"), by and between EME and Wells Fargo Bank, N.A., as trustee (in such capacity, the "Indenture Trustee");

WHEREAS, in August 2000, EME, Midwest Generation, LLC, and the PoJo Parties entered into sale-leaseback transactions with respect to the Powerton electric generating facility and units 7 and 8 of the Joliet electric generating facility, the terms of which are set forth in the PoJo Leases and the other Operative Documents;

WHEREAS, the holders of, or an investment manager or advisor with discretionary authority with respect to (the " PoJo Certificateholders"), greater than sixty-four percent (64%) of currently outstanding 8.56% Series B Pass Through Certificates issued in the original aggregate principal amount of $813,500,000 pursuant to that certain Pass Through Trust Agreement B dated as of August 17, 2000 (the " Pass Through Trust Agreement"), by and among Midwest Generation, LLC and The Bank of New York Mellon, as Successor Pass Through Trustee (the "Pass Through Trustee") have given direction to the Pass Through Trustee to enter into this Agreement solely in its capacities as the (a) Pass Through Trustee under the Pass Through Trust Agreement and (b) Lease Indenture Trustee under those certain Indentures of Trust and Security Agreements dated as of August 17, 2000, by and among certain of the PoJo Parties;

WHEREAS, NRG seeks to acquire substantially all of the assets of EME, including its ownership interest in all of its direct and indirect subsidiaries other than the Homer City Debtors (collectively, the "Company"), subject to the terms and conditions described in this Agreement and the Asset Purchase Agreement by and between NRG and EME (together with all exhibits, schedules, and attachments thereto, the " Purchase Agreement") attached hereto as **Exhibit A**;

WHEREAS, all of the Parties engaged in good faith, arm's length negotiations regarding the material terms of a restructuring of the Debtors, upon the consummation of which NRG would acquire ownership of EME's assets (the " Restructuring"), and the Parties now desire to make certain terms binding in accordance with and subject to the terms and conditions set forth in this Agreement, including, as it relates to the Debtors and the Committee, approval by the Bankruptcy Court;

WHEREAS, subject to such approval, the Parties intend to pursue the Restructuring through a joint chapter 11 plan of reorganization in the Chapter 11 Cases (the "Plan"), in accordance with the terms reflected in the term sheet attached hereto as **Exhibit B** (the "Plan Term Sheet") and the PoJo Term Sheet and pursuant to the terms and conditions of the Purchase Agreement, which Plan shall be proposed by the Debtors and supported by each of the Parties subject to the terms and conditions of this Agreement; and

WHEREAS, the Parties desire to express to each other their mutual support and commitment in respect of the Restructuring, the Purchase Agreement, and the Plan on the terms and conditions contained in this Agreement.

NOW, THEREFORE, in consideration of the covenants and agreements contained herein, and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, each Party, intending to be legally bound hereby, agrees as follows:

1. Definitions. Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Purchase Agreement, the Plan Term Sheet, or the PoJo Term Sheet, as applicable.

2. Interpretation. In this Agreement, unless the context otherwise requires:

a. words importing the singular also include the plural, and references to one gender include all genders;

b. the headings in this Agreement are inserted for convenience only and do not affect the construction of this Agreement and shall not be taken into consideration in its interpretation;

c. the words "hereof," "herein" and "hereunder" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement;

d. the words "include," "includes," and "including" shall be deemed to be followed by the phrase "without limitation." The word "or" is not exclusive;

e. all financial statement accounting terms not defined in this Agreement shall have the meanings determined by United States generally accepted accounting principles as in effect on the date of this Agreement;

f. unless otherwise expressly provided in this Agreement, any agreement (including this Agreement), instrument, statute, order, or decree defined or referred to herein means such agreement, instrument, statute, order, or decree as from time to time amended, modified, supplanted, or supplemented, including (in the case of agreements or instruments) by waiver or consent and (in the case of statutes, proclamations, or decrees) by succession of comparable successor statutes, proclamations, or decrees;

g. all references to currency or dollars herein refer to the United States dollars; and

h. references to any governmental entity or any governmental department, commission, board, bureau, agency, regulatory authority, instrumentality, or judicial or administrative body, in any jurisdiction shall include any successor to such entity.

3. Effectiveness; Entire Agreement.

a. This Agreement shall become effective and binding on all Parties other than the Debtors, the Non-Debtor Subsidiaries and the Committee as of the date this agreement is executed by each of the Parties; provided that Supporting Noteholders holding at least forty-five percent (45%) of the aggregate face amount of the Notes execute this Agreement. This Agreement shall become effective and binding on the Debtors, the Non-Debtor Subsidiaries, and the Committee as of the date of entry of the PSA Order.

b. Without limiting the rights and remedies of any Party arising from a breach of this Agreement prior to its valid termination, except as specifically provided to the contrary herein, if this Agreement or the Purchase Agreement is validly terminated pursuant to its terms, then this Agreement shall be null and void and have no further legal effect and none of the Parties shall have any liability or obligation arising under or in connection with this Agreement.

c. This Agreement (including the Purchase Agreement, the Plan Term Sheet, and the PoJo Term Sheet annexed hereto and incorporated herein by reference) constitutes the entire agreement of the Parties with respect to the subject matter hereof and supersedes all prior agreements (oral and written) and all other prior negotiations, including, without limitation, that certain Restructuring Support Agreement, dated October 2, 2013 (the " RSA") by and between NRG and certain Supporting Noteholders. For the avoidance of doubt, (i) upon the execution of this Agreement, NRG and the Supporting Noteholders shall suspend performance under the RSA, and (ii) upon the entry of the PSA Order, the RSA shall immediately and automatically terminate, and no Party shall have any rights or obligations under the RSA or the Summary Term Sheet, including, without limitation, any confidentiality obligations therein. Upon the execution of this

Agreement, except for the Ancillary Agreements and documents contemplated by the Plan, no Party will enter into any agreement related to the transactions contemplated by this Agreement, the Purchase Agreement, or the Plan Term Sheet, unless agreed by all the Parties.

4. The Plan Sponsor Protections.

a. Upon the Bankruptcy Court's entry of the PSA Order, the Debtors and the Non-Debtor Subsidiaries agree to be bound by Section 4.6 of the Purchase Agreement and the Break-Up Fee and Expense Reimbursement set forth in Section 7.2(b) of the Purchase Agreement (together, the " Plan Sponsor Protections"). The Break-Up Fee and Expense Reimbursement shall be joint and several liabilities of the Debtors and their estates, subject to the terms and conditions of the Purchase Agreement, and each of the other Parties to this Agreement hereby agrees, consents to and supports such terms, and further acknowledges and stipulates that the Plan Sponsor Protections are in consideration of the real and substantial benefits conferred by NRG upon the bankruptcy estates of the Debtors, and in consideration of the time, expense and risk associated with serving as the plan sponsor.

b. On an after December 6, 2013, the Committee and its professionals shall cease any existing discussions or negotiations with any Persons that may be ongoing with respect to any Acquisition Proposals or any proposal reasonably likely to result in an Acquisition Proposal, and the Committee and its professionals shall not directly or indirectly (A) initiate or knowingly encourage, facilitate, or assist any inquiries or the making of any proposal or offer that constitutes, or may reasonably be expected to lead to, an Acquisition Proposal, (B) engage in, continue, or otherwise participate in any discussions or negotiations regarding any proposal or offer that constitutes, or may reasonably be expected to lead to, an Acquisition Proposal, or (C) otherwise knowingly facilitate any effort or attempt to make an Acquisition Proposal, other than, in each case, to request information from the person making any such Acquisition Proposal or the Debtors for the sole purpose of the Committee informing themselves about the Acquisition Proposal that has been made and the person that made it or to notify any person of the Committee's obligations hereunder. Nothing contained in this Agreement shall be deemed to prohibit or restrict the Committee or its members from complying with their duties (including duties of candor and other fiduciary duties) to the Bankruptcy Court and to their constituency.

5. Covenants of NRG. Without limiting the respective rights of NRG and EME under Sections 4.6, 7.1, and 7.2 of the Purchase Agreement, for so long as this Agreement has not been validly terminated in accordance with its terms, NRG hereby agrees and covenants to:

a. use reasonable best efforts to obtain the approval by the Bankruptcy Court of (i) the Debtors' entry into this Agreement and (ii) the Plan Sponsor Protections as soon as reasonably practicable but in any case on or before October 25, 2013;

b. use reasonable best efforts and work in good faith to negotiate, definitively document, and consummate the Restructuring and transactions contemplated hereby, and support entry of orders of the Bankruptcy Court approving the Restructuring, including approval of this Agreement and each of the other Ancillary Agreements, as soon as reasonably practicable;

c. without limiting Parties' rights under the Plan Term Sheet, use reasonable best efforts to inform each Party, on a current basis, regarding the negotiations and status of the Plan Documents and Ancillary Agreements, including with respect to any terms thereof that affect the rights of each such Party;

d. so long as all material terms and conditions are consistent with this Agreement, not (i) object to or otherwise commence any proceeding opposing any of the terms of this Agreement, the

Ancillary Agreements, or the Disclosure Statement, or (ii) commence any proceeding or prosecute, join in, or otherwise support any action to oppose, object to, or delay entry of the PSA Order, the Disclosure Statement Order, or the solicitation, confirmation, or consummation of the Plan;

e. not take any action that is inconsistent in any material respect with, or is intended to frustrate or impede approval and consummation of transactions described in, this Agreement or the Plan;

f. through and including any valid termination of this Agreement, (1) not directly or indirectly file a chapter 11 plan or support any chapter 11 plan or sale process, or cause any affiliate to file a chapter 11 plan or support any chapter 11 plan or sale process, proposed by any entity other than the Debtors, regardless of any termination of either or both of (A) the Debtors' exclusive period, under section 1121(b) of the Bankruptcy Code, to file a chapter 11 plan (the "Exclusive Filing Period") and (B) the Debtors' exclusive period, under section 1121(c) of the Bankruptcy Code, to solicit votes regarding a chapter 11 plan (the "Exclusive Solicitation Period," together with the Exclusive Filing Period, the "Exclusive Periods"), and (2) not object to or otherwise oppose any request by the Debtors' for an extension of the Exclusive Periods (which shall request extensions of the Exclusive Periods through and including the earlier of (x) the latest dates permitted under the Bankruptcy Code and (y) 30 days after any valid termination of this Agreement; provided that, for the avoidance of doubt, nothing herein shall restrict NRG from objecting to the Debtors' Exclusive Periods or taking any other action it deems appropriate during such 30 days);

g. to the extent any legal or structural impediment arises that would prevent, hinder, or delay the consummation of the transactions contemplated herein, negotiate in good faith appropriate additional or alternative provisions to address any such impediment; provided that the economic outcome for the Parties, the timing of the Closing Date and other material terms of this Agreement are preserved in any such provisions;

h. except as required by law (as determined by outside counsel to NRG) and with reasonable prior written notice to the Supporting Noteholders, not and cause its subsidiaries not to (a) use the name of the Indenture Trustee or any Supporting Noteholder in any press release without such person's prior written consent or (b) disclose to any person other than legal and financial advisors to NRG or the Debtors the principal amount or percentage of any Notes Claims (as defined herein) or any other securities of the Company or its subsidiaries held by any Supporting Noteholder;

i. comply with all of its obligations under this Agreement and the exhibits annexed hereto (which exhibits are incorporated herein by reference) unless compliance is waived in writing by each of the other Parties; and

j. duly execute and comply with all of its obligations under the Purchase Agreement, which shall be binding upon NRG as of the date of the Purchase Agreement.

6. Covenants of the Debtors. Without limiting the respective rights of NRG and EME under Sections 4.6, 7.1, and 7.2 of the Purchase Agreement, for so long as this Agreement has not been validly terminated in accordance with its terms, the Debtors hereby agree and covenant to:

a. use reasonable best efforts to obtain the approval by the Bankruptcy Court of (i) the Debtors' entry into this Agreement and (ii) the Plan Sponsor Protections as soon as reasonably practicable but in any case on or before October 25, 2013;

b. use reasonable best efforts and work in good faith to negotiate, definitively document, and consummate the Restructuring and transactions contemplated hereby, and support entry of orders

of the Bankruptcy Court approving the Restructuring, including approval of this Agreement and each of the other Ancillary Agreements, as soon as reasonably practicable;

c. not settle or otherwise compromise any EIX Litigation Claims against any EIX Litigation Party unless the following procedure has been completed: the Debtors shall invite Noteholders to become restricted in order to consider such proposed settlement; the Debtors shall use reasonable best efforts to agree to a confidentiality agreement with appropriate cleansing mechanisms with counsel to the Supporting Noteholders (which cleansing mechanism shall not result in dissemination of information that might be detrimental to the value of such litigation), such restriction period to last no more than seven (7) calendar days; the Debtors shall present any such proposed settlement or compromise to restricted Noteholders holding at least twenty-five percent (25%) of the aggregate face amount of the Notes (the "Restricted Noteholder Participants") with the advisors to the Supporting Noteholders and the Committee (including the Committee members) present in any such presentation and discussion; if Noteholders holding more than fifty percent (50%) of the aggregate face amount of the Notes vote to reject such proposed settlement or compromise, then the Debtors shall not proceed with such proposed settlement, but if no such vote against the proposed settlement occurs, then the Debtors may proceed to seek approval of such settlement by appropriate motion, and any party may oppose such motion; provided that, if such approval is sought following the commencement of a solicitation of votes on the plan, such solicitation shall be supplemented by notice of such proposed settlement, and the relevant objection and voting deadlines shall be extended by the number of days that such supplemental notice follows the start of the initial solicitation;

d. without limiting Parties' rights under the Plan Term Sheet, use reasonable best efforts to inform each Party, on a current basis, regarding the negotiations and status of the Plan Documents and Ancillary Agreements, including with respect to any terms thereof that affect the rights of each such Party;

e. not take any action that is inconsistent in any material respect with, or is intended to frustrate or impede approval and consummation of transactions described in, this Agreement or the Ancillary Agreements;

f. support, observe, and abide by the Plan Sponsor Protections;

g. to the extent any legal or structural impediment arises that would prevent, hinder, or delay the consummation of the transactions contemplated herein, negotiate in good faith appropriate additional or alternative provisions to address any such impediment; provided that the economic outcome for the Parties, the timing of the Closing Date and other material terms of this Agreement are preserved in any such provisions;

h. except as required by law (as determined by outside counsel to the Debtors) and with reasonable prior written notice to the Supporting Noteholders, not and cause its subsidiaries not to (a) use the name of the Indenture Trustee or any Supporting Noteholder in any press release without such person's prior written consent or (b) disclose to any person other than legal and financial advisors to NRG or the Debtors the principal amount or percentage of any Notes Claims (as defined herein) or any other securities of the Company or its subsidiaries held by any Supporting Noteholder; provided that the Debtors shall be permitted to disclose at any time the aggregate principal amount of and aggregate percentage of the Notes Claims held by the Supporting Noteholders;

i. comply with all of its obligations under this Agreement and the exhibits annexed hereto (which exhibits are incorporated herein by reference) unless compliance is waived in writing by each of the other Parties; and

j. duly execute and comply with all of their obligations under the Purchase Agreement, which shall be binding upon the Debtors and the Non-Debtor Subsidiaries upon entry of the PSA Order.

7. Covenants of the Committee. For so long as this Agreement has not been validly terminated, the Committee hereby agrees and covenants to:

a. use reasonable best efforts to obtain the approval by the Bankruptcy Court of (i) the Debtors' entry into this Agreement and (ii) the Plan Sponsor Protections as soon as reasonably practicable but in any case on or before October 25, 2013;

b. use reasonable best efforts and work in good faith to negotiate, definitively document, and consummate the Restructuring and transactions contemplated hereby, and support entry of orders of the Bankruptcy Court approving the Restructuring, including approval of this Agreement and each of the other Ancillary Agreements, as soon as reasonably practicable;

c. recommend in a written letter included with ballots to general unsecured creditors of the Debtors, so long as their votes have been properly solicited pursuant to sections 1125 and 1126 of the Bankruptcy Code with respect to the Plan, including receipt of a Disclosure Statement and solicitation materials that have been approved by the Bankruptcy Court, that they: (i) vote all their claims to accept the Plan following commencement of the solicitation of acceptances of the Plan in accordance with sections 1125 and 1126 of the Bankruptcy Code and (ii) not change or withdraw such vote (or cause or direct such vote to be changed or withdrawn); provided, however, that recommendation may be immediately revoked and withdrawn upon valid termination of this Agreement pursuant to the terms hereof;

d. without limiting Parties' rights under the Plan Term Sheet, use reasonable best efforts to inform each Party, on a current basis, regarding the negotiations and status of the Plan Documents and Ancillary Agreements, including with respect to any terms thereof that affect the rights of each such Party;

e. so long as all material terms and conditions are consistent with this Agreement, not (i) object to or otherwise commence any proceeding opposing any of the terms of this Agreement, the Ancillary Agreements, or the Disclosure Statement, or (ii) commence any proceeding or prosecute, join in, or otherwise support any action to oppose, object to, or delay entry of the PSA Order, the Disclosure Statement Order, or the solicitation, confirmation, or consummation of the Plan;

f. not take any action that is inconsistent in any material respect with, or is intended to frustrate or impede approval and consummation of transactions described in, this Agreement or the Ancillary Agreements;

g. through and including any valid termination of this Agreement, (1) not directly or indirectly file a chapter 11 plan or support any chapter 11 plan or sale process, or cause any affiliate to file a chapter 11 plan or support any chapter 11 plan or sale process, proposed by any entity other than the Debtors, regardless of any termination of either or both of the Exclusive Periods and (2) not object to or otherwise oppose any request by the Debtors' for an extension of the Exclusive Periods (which shall request extensions of the Exclusive Periods through and including the earlier of (x) the latest dates permitted under the Bankruptcy Code and (y) 30 days after any valid termination of this Agreement; provided that, for the avoidance of doubt, nothing herein shall restrict the Committee from objecting to the Debtors' Exclusive Periods or taking any other action it deems appropriate during such 30 days);

h. support the Plan Sponsor Protections;

i. to the extent any legal or structural impediment arises that would prevent, hinder, or delay the consummation of the transactions contemplated herein, negotiate in good faith appropriate

additional or alternative provisions to address any such impediment; provided that the economic outcome for the Parties, the timing of the Closing Date and other material terms of this Agreement are preserved in any such provisions; and

j. comply with all of its obligations under this Agreement and the exhibits annexed hereto (which exhibits are incorporated herein by reference) unless compliance is waived in writing by each of the other Parties.

8. Covenants of the Supporting Noteholders. For so long as this Agreement has not been validly terminated, each Supporting Noteholder (solely on its own behalf and not on behalf of any other Noteholder) hereto agrees and covenants severally (but not jointly) to:

a. use reasonable best efforts to obtain the approval by the Bankruptcy Court of (i) the Debtors' entry into this Agreement and (ii) the Plan Sponsor Protections as soon as reasonably practicable but in any case on or before October 25, 2013;

b. use reasonable best efforts and work in good faith to negotiate, definitively document, and consummate the Restructuring and transactions contemplated hereby, and support entry of orders of the Bankruptcy Court approving the Restructuring, including approval of this Agreement, the Plan, a Disclosure Statement, and the Plan Sponsor Protections, as soon as reasonably practicable;

c. satisfy their obligations under Section 6.c hereof;

d. not, directly or indirectly (i) seek, solicit, support, encourage, or vote any claims for, consent to, encourage, or participate in any discussions regarding the negotiation or formulation of any Acquisition Proposal or of any restructuring for EME or any of the Acquired Companies that is in any way inconsistent with this Agreement or the Purchase Agreement in any material respect; (ii) take any other action that would delay or obstruct the approval of the transactions contemplated by this Agreement in any material respect; or (iii) otherwise support any plan or sale process that is inconsistent with this Agreement (collectively, the "Non-Solicitation Covenant");

e. without limiting Parties' rights under the Plan Term Sheet, use reasonable best efforts to inform each Party, on a current basis, regarding the negotiations and status of the Plan Documents and Ancillary Agreements, including with respect to any terms thereof that affect the rights of each such Party;

f. to the extent any legal or structural impediment arises that would prevent, hinder, or delay the consummation of the transactions contemplated herein, negotiate in good faith appropriate additional or alternative provisions to address any such impediment; provided that the economic outcome for the Parties, the timing of the Closing Date and other material terms of this Agreement are preserved in any such provisions;

g. support the Plan Sponsor Protections;

h. so long as all material terms and conditions are consistent with this Agreement, not (i) object to or otherwise commence any proceeding opposing any of the terms of this Agreement, the Ancillary Agreements, or the Disclosure Statement, or (ii) commence any proceeding or prosecute, join in, or otherwise support any action to oppose, object to, or delay entry of the PSA Order, the Disclosure Statement Order, or the solicitation, confirmation, or consummation of the Plan;

i. not take any action that is inconsistent in any material respect with, or is intended to frustrate or impede approval and consummation of transactions described in, this Agreement or the Ancillary Agreements;

j. through and including any valid termination of this Agreement, (1) not directly or indirectly file a chapter 11 plan or support any chapter 11 plan or sale process, or cause any affiliate to file a chapter 11 plan or support any chapter 11 plan or sale process, proposed by any entity other than the Debtors, regardless of any termination of either or both of the Exclusive Periods and (2) not object to or otherwise oppose any request by the Debtors' for an extension of the Exclusive Periods (which shall request extensions of the Exclusive Periods through and including the earlier of (x) the latest dates permitted under the Bankruptcy Code and (y) 30 days after any valid termination of this Agreement; provided that, for the avoidance of doubt, nothing herein shall restrict the Supporting Noteholders from objecting to the Debtors' Exclusive Periods or taking any other action it deems appropriate or taking any other action it deems appropriate during such 30 days); and

k. comply with all of its obligations under this Agreement and the exhibits annexed hereto (which exhibits are incorporated herein by reference) unless compliance is waived in writing by each of the other Parties.

9. Covenants of the PoJo Parties. For so long as this Agreement has not been validly terminated, each PoJo Party hereto agrees and covenants severally (but not jointly) to:

a. use reasonable best efforts to obtain the approval by the Bankruptcy Court of (i) the Debtors' entry into this Agreement and (ii) the Plan Sponsor Protections as soon as reasonably practicable but in any case on or before October 25, 2013;

b. use reasonable best efforts and work in good faith to negotiate, definitively document, and consummate the Restructuring and transactions contemplated hereby, and support entry of orders of the Bankruptcy Court approving the Restructuring, including approval of this Agreement, the Plan, a Disclosure Statement, and the Plan Sponsor Protections, as soon as reasonably practicable;

c. observe and abide by the Non-Solicitation Covenant;

d. without limiting Parties' rights under the Plan Term Sheet or the PoJo Term Sheet, use reasonable best efforts to inform each Party, on a current basis, regarding the negotiations and status of the Plan Documents and Ancillary Agreements, including with respect to any terms thereof that affect the rights of each such Party;

e. to the extent any legal or structural impediment arises that would prevent, hinder, or delay the consummation of the transactions contemplated herein, negotiate in good faith appropriate additional or alternative provisions to address any such impediment; provided that the economic outcome for the Parties, the timing of the Closing Date and other material terms of this Agreement are preserved in any such provisions;

f. support the Plan Sponsor Protections;

g. so long as all material terms and conditions are consistent with this Agreement, not (i) object to or otherwise commence any proceeding opposing any of the terms of this Agreement, the Ancillary Agreements, or the Disclosure Statement, or (ii) commence any proceeding or prosecute, join in, or otherwise support any action to oppose, object to, or delay entry of the PSA Order, the Disclosure Statement Order, or the solicitation, confirmation, or consummation of the Plan;

h. not take any action that is inconsistent in any material respect with, or is intended to frustrate or impede approval and consummation of transactions described in, this Agreement, the Ancillary Agreements, or the Plan, so long as the terms thereof are not materially inconsistent with the PoJo Parties' treatment under this Agreement, the Plan Term Sheet, and the PoJo Term Sheet;

i. through and including any valid termination of this Agreement, (1) not directly or indirectly file a chapter 11 plan or support any chapter 11 plan or sale process, or cause any affiliate to file a chapter 11 plan or support any chapter 11 plan or sale process, proposed by any entity other than the Debtors, regardless of any termination of either or both of the Exclusive Periods and (2) not object to or otherwise oppose any request by the Debtors' for an extension of the Exclusive Periods (which shall request extensions of the Exclusive Periods through and including the earlier of (x) the latest dates permitted under the Bankruptcy Code and (y) 30 days after any valid termination of this Agreement; provided that, for the avoidance of doubt, nothing herein shall restrict the PoJo Parties from objecting to the Debtors' Exclusive Periods or taking any other action it deems appropriate during such 30 days);

j. not sell, assign, transfer, or otherwise dispose of any of the PoJo Leases and Operative Documents to which it is a party or in which it has any legal or equitable interest, other than as may be necessary to effectuate the PoJo Lease Modifications; and

k. comply with all of its obligations under this Agreement and the exhibits annexed hereto (which exhibits are incorporated herein by reference) unless compliance is waived in writing by each of the other Parties.

10. Preservation of Participation Rights. For the avoidance of doubt, nothing in this Agreement shall limit any rights of any Party, subject to applicable law, the Plan, and the Plan Term Sheet, to (a) appear and participate as a party in interest in any contested matter to be adjudicated in the Bankruptcy Cases; (b) initiate, prosecute, appear, or participate as a party in interest in, the EIX Litigation or any adversary proceeding in the Bankruptcy Cases, so long as, in the case of each of (a) or (b), such appearance, initiation, prosecution or participation and the positions advocated in connection therewith are not materially inconsistent with this Agreement or the Plan Term Sheet; (c) object to any motion to approve or confirm the Plan, the Disclosure Statement or to any other plan of reorganization, sale transaction, or any motions related thereto, to the extent that the terms of any such motions, documents, or other agreements are materially inconsistent with this Agreement or the Plan Term Sheet and such inconsistencies were not approved in writing by each other Party; or (d) file a copy of this Agreement (including all exhibits hereto) or a description of the matters herein with the Bankruptcy Court.

11. Representations and Warranties by NRG. NRG represents and warrants to each of the other Parties that, as of the date hereof:

a. it has all requisite power and authority to enter into this Agreement and to carry out the transactions contemplated by, and perform its obligations under, this Agreement and the other Ancillary Agreements, and the execution, delivery, and performance by it of this Agreement and the Ancillary Agreements will not (i) contravene any applicable provision of any law, statute, rule or regulation, or any order writ, injunction, or decree of any court or governmental instrumentality or violate any provision of its organizational documents or (ii) conflict with, or result in a breach or constitute (with due notice or lapse of time or both) a default under any material contractual obligations to which it or any of its subsidiaries is a party;

b. the execution and delivery of this Agreement and the performance of its obligations hereunder have been duly authorized by all necessary action on its part;

c. this Agreement is the legally valid and binding obligation of NRG and is enforceable against NRG in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium, or other similar laws relating to or limiting creditors' rights generally or by equitable principles relating to enforceability; and

except as expressly provided in this Agreement, the execution, delivery, and performance by it of this Agreement do not and shall not require any registration or filing with, consent or approval of, or notice to, or other action to, with or by, any federal, state, or other governmental authority or regulatory body other than, solely with respect to its performance under the Ancillary Agreements, the Bankruptcy Court, the SEC, FERC, the Public Utility Commission of Texas, and in relation to the HSR Act (as applicable).

12. Representations and Warranties by the Debtors. Each of the Debtors represents and warrants to each of the other Parties that, as of the date of entry of the PSA Order:

a. it has all requisite power and authority to enter into this Agreement and to carry out the transactions contemplated by, and perform its obligations under, this Agreement and the other Ancillary Agreements, and the execution, delivery, and performance by it of this Agreement will not (i) contravene any applicable provision of any law, statute, rule or regulation, or any order writ, injunction, or decree of any court or governmental instrumentality or violate any provision of its organizational documents or (ii) conflict with, or result in a breach or constitute (with due notice or lapse of time or both) a default under any material contractual obligations to which it or any of its subsidiaries is a party;

b. the execution and delivery of this Agreement and the performance of its obligations hereunder have been duly authorized by all necessary action on its part;

c. this Agreement is the legally valid and binding obligation of the Debtors and is enforceable against the Debtors in accordance with its terms;

d. it has no knowledge of the occurrence of any event that, due to any fiduciary or similar duty to any other person, would prevent it from taking any action required of it under this Agreement; and

e. except as expressly provided in this Agreement, the execution, delivery, and performance by it of this Agreement do not and shall not require any registration or filing with, consent or approval of, or notice to, or other action to, with or by, any federal, state, or other governmental authority or regulatory body other than, solely with respect to its performance under the Ancillary Agreements, the Bankruptcy Court, the SEC, FERC, and in relation to the HSR Act (as applicable).

13. Representations and Warranties by the Committee. The Committee represents and warrants to each of the other Parties that, as of the date hereof:

a. the execution and delivery of this Agreement and the performance of its obligations hereunder have been duly authorized by all necessary action on its part;

b. this Agreement is the legally valid and binding obligation of the Committee and is enforceable against the Committee in accordance with its terms; and

c. it has no knowledge of the occurrence of any event that, due to any fiduciary or similar duty to any other person, would prevent it from taking any action required of it under this Agreement.

14. Representations and Warranties by the Supporting Noteholders. Each Supporting Noteholder (solely on its own behalf and not on behalf of any other Noteholder) represents and warrants on a several (but not joint) basis to each of the other Parties, as of the date hereof that:

a. such Supporting Noteholder (A) either (1) is the sole beneficial owner of the principal amount of Notes set forth in a separate letter to NRG and the Debtors delivered by counsel to the Supporting Noteholders simultaneously with this Agreement, or (2) has sole investment or

voting discretion with respect to the principal amount of claims under the Notes (any such claims, the " Notes Claims") set forth in such letter and has the power and authority to bind the beneficial owner(s) of such Notes Claims to the terms of this Agreement, and (B) has full power and authority to act on behalf of, vote, and consent to matters concerning such Notes Claims and to dispose of, exchange, assign, and transfer such Notes Claims, including the power and authority to execute and deliver this Agreement and to perform its obligations hereunder;

b. such Supporting Noteholder has made no assignment, sale, participation, grant, conveyance, pledge, or other transfer of, and has not entered into any other agreement to assign, sell, use, participate, grant, convey, pledge, or otherwise transfer, in whole or in part, any portion of its right, title, or interests in any Notes Claims that are subject to this Agreement that conflict with the representations and warranties of such Supporting Noteholder herein or would render such Supporting Noteholder otherwise unable to comply with this Agreement and perform its obligations hereunder;

c. this Agreement constitutes the legally valid and binding obligation of each such Supporting Noteholder thereto, as applicable, enforceable against it in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium, or other similar laws relating to or limiting creditors' rights generally or by equitable principles relating to enforceability;

d. such Supporting Noteholder is an "accredited investor" (as defined by Rule 501 of the Securities Act of 1933, as amended); and

e. such Supporting Noteholder does not have actual knowledge of the occurrence of any event that, due to any fiduciary or similar duty to any other person, would prevent it from taking any action required of it under this Agreement.

15. Representations and Warranties by the PoJo Parties. Each of the PoJo Parties (solely on its own behalf and not on behalf of any other PoJo Party) represents and warrants on a several (but not joint) basis to each of the other Parties, as of the date hereof that:

a. it has all requisite power and authority to enter into this Agreement and to carry out the transactions contemplated by, and perform its obligations under, this Agreement and the other Ancillary Agreements, and the execution, delivery, and performance by it of this Agreement will not (i) contravene any applicable provision of any law, statute, rule or regulation, or any order writ, injunction, or decree of any court or governmental instrumentality or violate any provision of its organizational documents or (ii) conflict with, or result in a breach or constitute (with due notice or lapse of time or both) a default under any material contractual obligations to which it or any of its subsidiaries is a party;

b. the Pass Through Trustee has received direction from the PoJo Certificateholders to enter into this Agreement;

c. this Agreement is the legally valid and binding obligation of each PoJo Party and is enforceable against it in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium, or other similar laws relating to or limiting creditors' rights generally or by equitable principles relating to enforceability; and

d. such PoJo Party does not have actual knowledge of the occurrence of any event that, due to any fiduciary or similar duty to any other person, would prevent it from taking any action required of it under this Agreement.

16. Transfer Restrictions.

Each Supporting Noteholder and any other Party to this Agreement holding Notes agrees that, so long as this Agreement has not been validly terminated in accordance with its terms, it shall not directly or indirectly (a) grant any proxies to any person in connection with its Notes Claims, or other claims against or interests in any Debtor, to vote on the Plan or any other plan in the Bankruptcy Cases or (b) sell, loan, issue, pledge, hypothecate, assign, transfer, or otherwise dispose of or grant, issue, or sell any option, right to acquire, voting, participation, or other interest in any Notes Claims or other claims or interests (including, for the avoidance of doubt, any claims or interests on behalf of any equity interests in any of the Debtors), in whole or in part, any Notes Claim, or any option thereon or any right or interest therein (each of (a) and (b), a " Transfer"), unless (x) the transferee is a Party to this Agreement or (y) if the transferee is not a Party to this Agreement prior to the effectiveness of the Transfer, such transferee delivers to the other Parties an executed signature page for, and agrees to be bound by, this Agreement, in which event the transferee shall be deemed to be a Supporting Noteholder hereunder solely with respect to the Notes Claims purchased from a Supporting Noteholder (the " Purchased Notes Claims") and shall be subject to all obligations and covenants of the Supporting Noteholders hereunder, and the transferor shall be deemed to relinquish its rights (and be released from its obligations) under this Agreement to the extent of such Purchased Notes Claims. Each Supporting Noteholder agrees that any Transfer or purported Transfer that does not comply with this Agreement shall be deemed void *ab initio* and of no effect. For the avoidance of doubt, this Agreement shall in no way be construed to preclude any holder of Notes Claims from acquiring additional Notes or Notes Claims or any other claims against or interests in any of the Debtors; provided, that any additional Notes or Notes Claims or any other claims against or interests in any of the Debtors acquired shall, upon acquisition, automatically be deemed to be subject to all the terms of this Agreement. For the avoidance of doubt, the Parties agree that credit default swaps shall not be deemed or construed to be claims or interests in the Debtors.

Notwithstanding anything herein to the contrary (a) a Supporting Noteholder may Transfer or participate any right, title, or interest in Notes Claims to an entity that is acting in its capacity as a Qualified Marketmaker without the requirement that the Qualified Marketmaker be or become a Supporting Noteholder only if such Qualified Marketmaker has purchased such Notes Claims with a view to immediate resale of such Notes Claims to a transferee that has executed and delivered an executed signature page for this Agreement as set forth in the preceding paragraph, and (b) to the extent that a Supporting Noteholder is acting in its capacity as a Qualified Marketmaker, it may Transfer or participate any right, title, or interest in any Notes that the Qualified Marketmaker acquires from a holder of the Notes who is not a Supporting Noteholder without the requirement that the transferee be or become a Supporting Noteholder. For avoidance of doubt, a Qualified Marketmaker may purchase, transfer, or participate any claims against or interests in the Debtors other than Notes Claims without any requirement that the transferee be or become subject to this Agreement.

For purposes of this Agreement, "Qualified Marketmaker" means an entity that (a) holds itself out to the market as standing ready in the ordinary course of its business to purchase from customers and sell to customers claims against EME and its affiliates (including debt securities, the Notes, or other debt) or enter with customers into long and short positions in claims against EME and its affiliates (including debt securities, the Notes, or other debt), in its capacity as a dealer or market maker in such claims against EME and its affiliates and (b) is in fact regularly

in the business of making a market in claims against issuers or borrowers (including debt securities or other debt).

17. **Registration of Securities.** NRG shall file a registration statement on Form S-1 with the SEC under the Securities Act registering the offer and sale of the stock consideration and its issuance and distribution pursuant to the Plan (the " Registration Statement") on or before November 1, 2013 and shall use reasonable best efforts and work in good faith to cause the Registration Statement to become effective on or before the Closing Date. NRG shall prepare and file with the SEC such amendments and supplements to the Registration Statement and the prospectus used in connection therewith as may be necessary to keep the Registration Statement effective and to comply with the provisions of the Securities Act with respect to the offer and sale of the stock consideration by NRG for a period of thirty days following the Closing Date. The Registration Statement (and all amendments and supplements thereto and the prospectus used in connection therewith) and the offer and sale of the stock consideration shall comply in all material respects with the requirements of applicable securities laws. The Registration Statement (and all amendments and supplements thereto and the prospectus used in connection therewith) shall not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. The other Parties and their respective counsel shall be given a reasonable opportunity to review and comment on the Registration Statement (and all amendments and supplements thereto and the prospectus used in connection therewith), and NRG shall not and shall cause its respective subsidiaries to not use the name of the Indenture Trustee, the members of the Committee, any Supporting Noteholder, or any of the PoJo Parties in the Registration Statement or any amendment or supplement thereto without such person's prior written consent, which consent shall not be unreasonably withheld. NRG shall provide the other Parties and their respective counsel with any comments or other communications, whether written or oral, NRG or their counsel may receive from the SEC or its staff with respect to the Registration Statement (or any amendments or supplements thereto or the prospectus used in connection therewith) or the offer and sale of the stock consideration promptly after the receipt of such comments or other communications.

18. **Survival**. The foregoing representations and warranties of the Parties shall not survive the Closing Date. After the Closing Date, there will be no liability for breach of any covenants contained in this Agreement that were to be performed prior to the Closing Date. Notwithstanding anything herein to the contrary, the rights and obligations of NRG and the Debtors under the Purchase Agreement shall survive any termination of this Agreement, in accordance with the terms of the Purchase Agreement.

19. **Supporting Noteholder Professional Fees.** The estate of EME shall pay the fees and expenses of the professional advisors to the Supporting Noteholders (Ropes & Gray LLP, Houlihan Lokey Capital, Inc. and regulatory counsel Schiff Hardin LLP) on a current basis, with a catch-up for all invoiced fees and expenses on the date of the entry of the PSA Order and payment of all accrued and unpaid fees and expenses on the Plan Effective Date. This payment obligation also shall be incorporated as a term and condition of the Plan.

20. **Mutual Termination.** This Agreement shall terminate, and all obligations of the Parties hereunder shall immediately terminate and be of no further force and effect, at 11:59 p.m. prevailing Eastern Time, on the date that is two (2) Business Days from the date on which the

respective counsel to each other Party receive written notice from any other Party of the occurrence of any of the events listed below (a " Mutual Termination Event"), unless such Mutual Termination Event is waived by the terminating Party:

a. a material breach of this Agreement or (solely with respect to the parties to the Purchase Agreement) the Purchase Agreement by any Party that has not been cured within twenty Business Days of delivery of written notice of such breach; provided, however, that any alleged breach or default shall be deemed waived if no notice of such breach or default is delivered within fifteen calendar days of the later of its alleged occurrence or the date the terminating party becomes aware thereof;

b. upon any valid termination of the Purchase Agreement by NRG or EME; or

c. NRG, the Debtors, the Committee, the Supporting Noteholders, and the PoJo Parties mutually agree in writing to terminate this Agreement.

provided that no notice of termination from a Party under this Section 20 shall be valid or enforceable if the only Mutual Termination Event is another Party's suspension of performance under this Agreement due to such first Party's breach of this Agreement.

21. Termination Right of the Debtors. The Debtors, with the consent of the Committee, may terminate this Plan Sponsor Agreement (but not the Purchase Agreement) on or after November 6, 2013 if, prior to such date, Supporting Noteholders holding at least sixty-six and two-thirds percent (66 $^{2}/_{3}$%) of the aggregate face amount of the Notes have not executed this Agreement.

22. Termination Rights of the Committee. Unless waived by the Committee, this Agreement shall terminate, and all obligations of the Parties hereunder shall immediately terminate and be of no further force and effect, at 11:59 p.m. prevailing Eastern Time, on the date that is two (2) Business Days from the date on which the respective counsel to each other Party receive written notice from counsel to the Committee of the occurrence of any of the events listed below (each, a "Committee Termination Event"), unless the Committee Termination Event is waived by the Committee:

a. Subject to Section 4.b hereof, at any time prior to entry of the Confirmation Order, the Committee concludes that an Acquisition Proposal, in the Committee's good-faith judgment, after consultation with its advisors, and taking into consideration all relevant factors, including, among other things, all of the terms, conditions, impact, and all legal, financial, regulatory, and other aspects of such Acquisition Proposal and the Purchase Agreement, the litigation, the assets, and the liabilities proposed to be purchased and assumed or excluded, the identity and financial wherewithal of the third party(ies) making the Acquisition Proposal, and breakup fee and expense reimbursement provisions, (i) is reasonably likely to be consummated in accordance with its terms and (ii) if consummated, would result in a transaction or series of transactions more favorable to the Committee's constituency than the transactions contemplated by the Purchase Agreement (after taking into account the expected timing and risk and likelihood of consummation);

b. the Purchase Agreement has been modified, amended, or supplemented in a manner that is inconsistent with this Agreement, including any modification, amendment, or supplement which materially changes the anticipated recoveries to unsecured creditors;

c. the Bankruptcy Court has not entered the PSA Order on or before November 7, 2013;

d. EME has not filed a motion seeking entry of the Confirmation Order and the Disclosure Statement Order on or before November 15, 2013;

e. the Bankruptcy Court has not entered the Disclosure Statement Order on or before December 19, 2013 ;

f. the Bankruptcy Court has not entered the Confirmation Order on or before March 31, 2014 ; and

g. the Closing Date has not occurred on or before July 31, 2014.

provided that no notice of termination from counsel to the Committee under this Section 23 shall be valid or enforceable if the only Committee Termination Event is another Party's suspension of performance under this Agreement due to the Committee's breach of this Agreement.

23. Termination Rights of the Supporting Noteholders. This Agreement shall terminate, and all obligations of the Parties hereunder shall immediately terminate and be of no further force and effect, at 11:59 p.m. prevailing Eastern Time, on the date that is two (2) Business Days from the date on which the respective counsel to each other Party receive written notice from counsel to the Supporting Noteholders of the occurrence of any of the events listed below (each, a "Supporting Noteholder Termination Event"), unless the Supporting Noteholder Termination Event is waived by Supporting Noteholders representing at least 75 percent of the outstanding principal amount of Notes held by all Supporting Noteholders that have executed this Agreement (the "Required Supporting Noteholders"):

a. the Purchase Agreement has been modified, amended, or supplemented in a manner that is inconsistent with this Agreement;

b. the Bankruptcy Court has not entered the PSA Order on or before November 7, 2013;

c. EME has not filed a motion seeking entry of the Confirmation Order and the Disclosure Statement Order on or before November 15, 2013;

d. the Bankruptcy Court has not entered the Disclosure Statement Order on or before December 19, 2013 ;

e. the Bankruptcy Court has not entered the Confirmation Order on or before March 31, 2014 ;

f. the Closing Date has not occurred on or before July 31, 2014;

g. any of the Chapter 11 Cases is dismissed or converted to a case under chapter 7 of the Bankruptcy Code; or

h. the Debtors file a plan that is materially inconsistent with the Plan Term Sheet.

provided that no notice of termination from counsel to the Supporting Noteholders under this Section 24 shall be valid or enforceable if the only Supporting Noteholder Termination Event is another Party's suspension of performance under this Agreement due to the Supporting Noteholders' breach of this Agreement.

24. Termination Rights of the PoJo Parties. This Agreement shall terminate, and all obligations of the Parties hereunder shall immediately terminate and be of no further force and effect, at 11:59 p.m. prevailing Eastern Time, on the date that is two (2) Business Days from the date on which the respective counsel to each other Party receive written notice from any of the PoJo Parties of the occurrence of any of the events listed below (a " PoJo Party Termination Event"), unless such PoJo Party Termination Event is waived by the PoJo Party providing such notice:

a. the Debtors file a plan that is materially inconsistent with the PoJo Term Sheet or (solely with respect to any terms thereof that affect the rights of the PoJo Parties) the Plan Term Sheet;

b. the Closing Date has not occurred on or before July 31, 2014; or

c. the date by which MWG must assume or reject the PoJo Leases expires without further extension and without the PoJo Leases having been assumed or rejected.

provided that no notice of termination from a PoJo Party under this Section 25 shall be valid or enforceable if the only PoJo Party Termination Event is another Party's suspension of performance under this Agreement due to any PoJo Party's breach of this Agreement.

25. Termination Cause for Resolicitation. If this Plan Sponsor Agreement is validly terminated by the Committee or the Supporting Noteholders after approval of the Disclosure Statement, such termination shall require that votes in favor of the Plan be resolicited.

26. Remedies Under this Agreement. Without limiting the rights, remedies, or obligations of EME and NRG with respect to monetary damages to the extent provided in the Purchase Agreement, no Party shall be liable to any other Party for money damages of any kind for a breach of this Plan Sponsor Agreement, whether direct, special, indirect, consequential, incidental, or punitive. Without limiting the rights, remedies, or obligations of EME and NRG with respect to monetary damages to the extent provided in the Purchase Agreement, each non-breaching Party shall be entitled to specific performance of this Plan Sponsor Agreement and injunctive or other equitable relief as the sole remedy for any breach of this Plan Sponsor Agreement, without having to establish the inadequacy of damages as a remedy or any requirement to post a bond.

27. Counterparts. This Agreement and any amendments, waivers, consents, or supplements hereto or in connection herewith may be executed in multiple counterparts (including by means of telecopied or electronically transmitted signature pages), all of which taken together shall constitute one and the same Agreement.

28. No Solicitation. Notwithstanding anything to the contrary, this Agreement is not and shall not be deemed to be (a) a solicitation of consents to the Plan or any chapter 11 plan or (b) an offer for the issuance, purchase, sale exchange, hypothecation, or other transfer of securities or a solicitation of an offer to purchase or otherwise acquire securities for purposes of the Securities Act of 1933 and the Securities Exchange Act of 1934, each as amended. The acceptance of votes from holders of claims and interests, as applicable, will not be solicited until such holders have received the Disclosure Statement and related ballot, as approved by the Bankruptcy Court.

29. Time is of the Essence. The Parties acknowledge and agree that time is of the essence, and that they must each use best efforts to effectuate and consummate the Restructuring as soon as reasonably practicable.

30. Third Party Beneficiaries. Each of the Supporting Noteholders, the PoJo Parties, and the Committee shall be intended third party beneficiaries of the Purchase Agreement, and shall have the right to enforce the terms of the Purchase Agreement and this Agreement against the parties to the Purchase Agreement.

31. Relationship Among the Parties. Nothing herein shall be deemed or construed to create a partnership, joint venture, or other association between or among any of the Parties.

Each Party agrees and understands that neither this Agreement, the Plan Documents, nor the transactions contemplated hereby or thereby, creates or otherwise gives rise to any fiduciary duty or other duty of trust or confidence.

32. **Governing Law; Consent to Jurisdiction.** THIS AGREEMENT AND EACH ANCILLARY AGREEMENT (AND ANY CLAIMS, CAUSES OF ACTION, ACTIONS, CONTROVERSIES OR DISPUTES THAT MAY BE BASED UPON, ARISE OUT OF OR RELATE HERETO OR THERETO, TO THE TRANSACTIONS CONTEMPLATED HEREBY AND THEREBY, TO THE NEGOTIATION, EXECUTION OR PERFORMANCE HEREOF OR THEREOF, OR TO THE INDUCEMENT OF ANY PARTY TO ENTER HEREIN AND THEREIN, WHETHER FOR BREACH OF CONTRACT, TORTIOUS CONDUCT OR OTHERWISE AND WHETHER PREDICATED ON COMMON LAW, STATUTE OR OTHERWISE) SHALL IN ALL RESPECTS BE CONSTRUED, PERFORMED AND ENFORCED IN ACCORDANCE WITH, AND GOVERNED BY, THE LAWS OF THE STATE OF NEW YORK, INCLUDING ALL MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE (WITHOUT GIVING EFFECT TO THE PRINCIPLES OF CONFLICTS OF LAWS THEREOF, AND WITHOUT THE REQUIREMENT TO ESTABLISH COMMERCIAL NEXUS IN A NEW YORK COUNTY), EXCEPT TO THE EXTENT THAT THE LAWS OF SUCH STATE ARE SUPERSEDED BY THE BANKRUPTCY CODE. FOR SO LONG AS EME IS OR MAY BE SUBJECT TO THE JURISDICTION OF THE BANKRUPTCY COURT, THE PARTIES HERETO IRREVOCABLY ELECT AS THE SOLE JUDICIAL FORUM FOR THE ADJUDICATION OF ANY MATTERS ARISING UNDER OR IN CONNECTION WITH THIS AGREEMENT AND EACH ANCILLARY AGREEMENT (AND ANY CLAIMS, CAUSES OF ACTION, ACTIONS, CONTROVERSIES OR DISPUTES THAT MAY BE BASED UPON, ARISE OUT OF OR RELATE HERETO OR THERETO, TO THE TRANSACTIONS CONTEMPLATED HEREBY AND THEREBY, TO THE NEGOTIATION, EXECUTION OR PERFORMANCE HEREOF OR THEREOF, OR TO THE INDUCEMENT OF ANY PARTY TO ENTER HEREIN AND THEREIN, WHETHER FOR BREACH OF CONTRACT, TORTIOUS CONDUCT OR OTHERWISE AND WHETHER PREDICATED ON COMMON LAW, STATUTE OR OTHERWISE), AND CONSENT TO THE EXCLUSIVE JURISDICTION OF, THE BANKRUPTCY COURT. ALL DISPUTES ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT OR ANY OF THE ANCILLARY AGREEMENTS SHALL BE SUBMITTED TO THE BANKRUPTCY COURT (UNLESS THE ANCILLARY AGREEMENTS SPECIFY TO THE CONTRARY) AS LONG AS EME IS OR MAY BE SUBJECT TO THE JURISDICTION OF THE BANKRUPTCY COURT. IN THAT CONTEXT, AND WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, UPON THE ENTRY OF THE PSA ORDER EACH OF EME AND PURCHASER BY THIS AGREEMENT IRREVOCABLY AND UNCONDITIONALLY: (1) SUBMITS FOR ITSELF AND ITS PROPERTY IN ANY ACTION RELATING TO THIS AGREEMENT OR ANY OF THE ANCILLARY AGREEMENTS, OR FOR RECOGNITION AND ENFORCEMENT OF ANY JUDGMENT IN RESPECT THEREOF, TO THE EXCLUSIVE JURISDICTION OF THE BANKRUPTCY COURT AND AGREES THAT ALL CLAIMS IN RESPECT OF ANY SUCH ACTION SHALL BE HEARD AND DETERMINED IN THE BANKRUPTCY COURT; (2) CONSENTS THAT ANY SUCH ACTION MAY AND SHALL BE BROUGHT IN SUCH COURT AND WAIVES ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE VENUE OR JURISDICTION OF ANY SUCH ACTION IN ANY SUCH COURT OR

THAT SUCH ACTION WAS BROUGHT IN AN INCONVENIENT COURT AND AGREES NOT TO PLEAD OR CLAIM THE SAME; (3) AGREES THAT SERVICE OF PROCESS IN ANY SUCH ACTION MAY BE EFFECTED BY MAILING A COPY OF SUCH PROCESS BY REGISTERED OR CERTIFIED MAIL (OR ANY SUBSTANTIALLY SIMILAR FORM OF MAIL), POSTAGE PREPAID, TO SUCH SERVICE AGENT (AS DEFINED BELOW) ON BEHALF OF PURCHASER AT SERVICE AGENT'S ADDRESS PROVIDED BELOW; AND (4) AGREES THAT NOTHING IN THIS AGREEMENT OR ANY ANCILLARY AGREEMENT SHALL AFFECT THE RIGHT TO EFFECT SERVICE OF PROCESS IN ANY OTHER MANNER PERMITTED BY THE LAWS OF THE STATE OF NEW YORK.

33. **Independent Analysis.** Each Party hereby confirms that it has made its own decision to execute this Agreement based upon its own independent assessment of documents and information available to it, as it has deemed appropriate.

34. **Notices.** All notices hereunder shall be deemed given if in writing and delivered, if sent by facsimile, courier or by registered or certified mail (return receipt requested) to the following addresses and facsimile numbers (or at such other addresses or facsimile numbers as shall be specified by like notice):

If to NRG, to:

NRG Energy, Inc.
211 Carnegie Center
Princeton, NJ 08540-6213
Attn.: Brian Curci
Fax: 609.524.4501

with a copy to:

Baker Botts L.L.P.
1299 Pennsylvania Avenue, NW
Washington, DC 20004-2400
Attn.: Elaine M. Walsh
Fax: 202.585.1042

-and-

Baker Botts L.L.P.
2001 Ross Avenue
Dallas, Texas 75201
Attn.: C. Luckey McDowell
Fax: 214.661.4571

If to the Company or any of the Debtors, to:

Kirkland & Ellis LLP
300 North LaSalle

Chicago, Illinois 60654
Attn: James H.M. Sprayregen, P.C. and David R. Seligman, P.C.
Fax: (312) 862-2200

-and-

Kirkland & Ellis LLP
601 Lexington Avenue
New York, New York 10022
Attn: Joshua A. Sussberg
Fax: (212) 446-4900

If to the Committee, to

Akin Gump Strauss Hauer & Feld LLP
One Bryant Park
Bank of America Tower
New York, NY 10036-6745
Attn.: Ira S. Dizengoff
Fax: (212) 872-1002

-and-

Akin Gump Strauss Hauer & Feld LLP
1333 New Hampshire Avenue, N.W.
Washington, DC 20036-1564
Attn.: James Savin
Fax: (202) 877-4288

If to any Supporting Noteholder, the address set forth in the separate letter to each other Party delivered by counsel to the Supporting Noteholders simultaneously with this Agreement.

If to the counsel for the ad hoc committee of Noteholders, to:

Ropes & Gray LLP
1211 Avenue of the Americas
New York, New York 10036
Attn.: Keith Wofford
Fax: 212.596.9090

-and-

Ropes & Gray LLP
800 Boylston Street
Boston, Massachusetts 02199
Attn.: Stephen Moeller-Sally

Fax: 617.951.7050

If to the Nesbitt Asset Recovery Owner Lessors, to:

Nesbitt Asset Recovery Series J-1
Nesbitt Asset Recovery Series P-1
c/o U.S. Bank National Association, as Owner Trustee
U.S. Bank Corporate Trust Services
300 Delaware Avenue, 9th Floor
Mail Code: EXDE-WDAW
Attn.: Mildred Smith
Wilmington, Delaware 19801
Telephone: (302) 576-3703
Email: milly.smith@usbank.com

with a copy to:

Jenner & Block LLP
Attn.: Daniel R. Murray & Melissa M. Hinds
353 North Clark Street
Chicago, Illinois 60654
Telephone: (312) 222-9350
Fax: (312) 527-0484
Email: dmurray@jenner.com
mhinds@jenner.com

If to the Nesbitt Asset Recovery Owner Participants, to:

Nesbitt Asset Recovery Series LLC, J-1
Nesbitt Asset Recovery Series LLC, P-1
c/o U.S. Bank National Association, as Owner Trustee
U.S. Bank Corporate Trust Services
300 Delaware Avenue, 9th Floor
Mail Code: EXDE-WDAW
Attn.: Mildred Smith
Wilmington, Delaware 19801
Telephone: (302) 576-3703
Email: milly.smith@usbank.com

with a copy to:

Jenner & Block LLP
Attn.: Daniel R. Murray & Melissa M. Hinds
353 N. Clark Street
Chicago, Illinois 60654
Telephone: (312) 222-9350

Fax: (312) 527-0484
Email: dmurray@jenner.com
mhinds@jenner.com

If to the Citibank Owner Lessors, to:

Joliet Trust II
Powerton Trust II
c/o Wilmington Trust Company, as Owner Trustee
Rodney Square North
1100 North Market Street
Attn.: Corporate Trust Administration, Robert Hines
Wilmington, Delaware 19890-0001
Telephone: (302) 636-6197
Fax: (302) 636-4140
Email: rhines@wilmingtontrust.com

with a copy to:

Michael F. Collins
Richards, Layton & Finger, P.A.
One Rodney Square
920 North King Street
Wilmington, Delaware 19801
Telephone: (302) 651-7502
Fax: (302) 498-7502
Email: MFCollins@rlf.com

If to the Citibank Owner Participants, to:

Powerton Generation II, LLC
c/o Associates Capital Investments, L.L.C.
c/o Citigroup Global Markets Inc.
Attn.: Sugam Mehta & Brian Whalen
388 Greenwich Street, 21st Floor
New York, New York 10013
Telephone: (212) 816-1620
Fax: To be advised
Email: Sugam.mehta@citi.com
Brian.whalen@citi.com

with a copy to:

Milbank, Tweed, Hadley & McCloy LLP
Attn.: William Bice & Tyson Lomazow
1 Chase Manhattan Plaza
New York, New York 10005

Telephone: (212) 530-5000
Fax: (212) 530-5219
Email: wbice@milbank.com
tlomazow@milbank.com

If to Bank of New York Mellon as Successor Lease Indenture Trustee or as Successor Pass Through Trustee, to:

The Bank of New York Mellon
525 William Penn Plaza, 38th Floor
Attn.: Bridget Schessler, Vice President
Pittsburgh, Pennsylvania 15259

with a copy to:

O'Melveny & Myers, LLP
Attn.: George Davis
7 Times Square
New York, New York 10036-6524
Telephone: (212) 326-2062
Email: gdavis@omm.com

Any notice given by delivery, mail or courier shall be effective when received at the address provided in this Section 34. Any notice given by facsimile shall be effective upon oral or machine confirmation of transmission.

35. **Severability.** Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable Law, but if any provision of this Agreement is held to be prohibited by or invalid under applicable Law, such provision shall be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement. In the event that any part of this Agreement is declared by any court or other judicial or administrative body to be null, void or unenforceable, said provision survives to the extent it is not so declared, and all of the other provisions of this Agreement remain in full force and effect only if, after excluding the portion deemed to be unenforceable, the remaining terms provide for the consummation of the transactions contemplated hereby in substantially the same manner as originally set forth at the later of the date this Agreement was executed or last amended.

36. **Mutual Drafting.** This Agreement is the result of the Parties' joint efforts, and each of them and their respective counsel have reviewed this Agreement and each provision hereof has been subject to the mutual consultation, negotiation, and agreement of the Parties, and the language used in this Agreement shall be deemed to be the language chosen by the Parties to express their mutual intent, and therefore there shall be no construction against either Party based on any presumption of that Party's involvement in the drafting thereof.

37. **Headings.** The headings used in this Agreement are for convenience of reference only and do not constitute a part of this Agreement and shall not be deemed to limit,

characterize, or in any way affect any provision of this Agreement, and all provisions of this Agreement shall be enforced and construed as if no headings had been used in this Agreement.

38. **Amendments.** Except as otherwise provided herein, this Agreement may not be modified, amended, or supplemented without prior written agreement signed by (a) NRG, (b) the Debtors, (c) the Committee, (d) the Required Supporting Noteholders, and (e) the PoJo Parties.

[*Signature Pages Follow*]

The undersigned Parties hereby execute this Agreement as of the date first set forth above:

THE SPONSOR:

NRG ENERGY, INC.

By: /s/ Christopher S. Sotos
Name: Christopher S. Sotos
Title: SVP — Strategy and M&A

NRG ENERGY HOLDINGS INC.

By: /s/ Christopher S. Sotos
Name: Christopher S. Sotos
Title: Vice President

[signature page to Plan Sponsor Agreement]

THE DEBTORS:

EDISON MISSION ENERGY

By: /s/ Pedro Pizarro
Name: Pedro Pizarro
Title: President

EDISON MISSION ENERGY FUEL SERVICES, LLC
EDISON MISSION FUEL RESOURCES, INC.
EDISON MISSION FUEL TRANSPORTATION, INC.
EDISON MISSION HOLDINGS CO.
EDISON MISSION MIDWEST HOLDINGS CO.
MIDWEST GENERATION EME, LLC
MIDWEST GENERATION, LLC
MIDWEST GENERATION PROCUREMENT SERVICES, LLC

By: /s/ Maria Rigatti
Name: Maria Rigatti
Title: Vice President and Chief Financial Officer

CAMINO ENERGY COMPANY
MIDWEST FINANCE CORP.
MIDWEST PEAKER HOLDINGS, INC.
SAN JOAQUIN ENERGY COMPANY
SOUTHERN SIERRA ENERGY COMPANY
WESTERN SIERRA ENERGY COMPANY

By: /s/ Maria Rigatti
Name: Maria Rigatti
Title: Vice President and Chief Financial Officer

THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS

By: /s/ Ira S. Dizengoff

/s/ James R. Savin

Ira S. Dizengoff
Akin Gump Strauss Hauer & Feld LLP
One Bryant Park
Bank of America Tower
New York, NY 10036-6745

James R. Savin
Akin Gump Strauss Hauer & Feld LLP
1333 New Hampshire Avenue, N.W.
Washington, D.C. 20036

Counsel to the Official Committee of Unsecured Creditors

THE SUPPORTING NOTEHOLDERS:

AVENUE INVESTMENTS L.P.

By: /s/ Sonia Gardner
Name: Sonia Gardner
Title: Member

[signature page to Plan Sponsor Agreement]

BLUEMOUNTAIN CREDIT ALTERNATIVES MASTER FUND L.P.
By: BlueMountain Capital Management, LLC, its investment manager

By: /s/ David M. O'Mara
Name: David M. O'Mara
Title: Assistant General Counsel & Vice President

BLUEMOUNTAIN DISTRESSED MASTER FUND L.P.
By: BlueMountain Capital Management, LLC, its investment manager

By: /s/ David M. O'Mara
Name: David M. O'Mara
Title: Assistant General Counsel & Vice President

BLUEMOUNTAIN TIMBERLINE, LTD
By: BlueMountain Capital Management, LLC, its investment manager

By: /s/ David M. O'Mara
Name: David M. O'Mara
Title: Assistant General Counsel & Vice President

BLUEMOUNTAIN STRATEGIC CREDIT MASTER FUND L.P.
By: BlueMountain Capital Management, LLC, its investment manager

By: /s/ David M. O'Mara
Name: David M. O'Mara
Title: Assistant General Counsel & Vice President

BLUEMOUNTAIN LONG/SHORT CREDIT MASTER FUND L.P.
By: BlueMountain Capital Management, LLC, its investment manager

By: /s/ David M. O'Mara
Name: David M. O'Mara
Title: Assistant General Counsel & Vice President

[signature page to Plan Sponsor Agreement]

BLUEMOUNTAIN CREDIT OPPORTUNITIES MASTER FUND I L.P.
By: BlueMountain Capital Management, LLC, its investment manager

By: /s/ David M. O'Mara
Name: David M. O'Mara
Title: Assistant General Counsel & Vice President

BLUEMOUNTAIN KICKING HORSE FUND L.P.
By: BlueMountain Capital Management, LLC, its investment manager

By: /s/ David M. O'Mara
Name: David M. O'Mara
Title: Assistant General Counsel & Vice President

BLUEMOUNTAIN MONTENVERS MASTER FUND SCA SICAV-SIF

By: BlueMountain Capital Management, LLC, its investment manager

By: /s/ David M. O'Mara
Name: David M. O'Mara
Title: Assistant General Counsel & Vice President

BLUEMOUNTAIN LONG/SHORT CREDIT AND DISTRESSED
REFLECTION FUND P.L.C., a sub-fund of AAI BLUEMOUNTAIN FUND P.L.C.
By: BlueMountain Capital Management, LLC, its investment manager

By: /s/ David M. O'Mara
Name: David M. O'Mara
Title: Assistant General Counsel & Vice President

P. SCHOENFELD ASSET MANAGEMENT LP,
an investment manager on behalf of its affiliated investment funds

By: /s/ Dhan Pai
Name: Dhan Pai
Title: CFO

[signature page to Plan Sponsor Agreement]

STRATEGIC VALUE MASTER FUND, LTD.
By: Strategic Value Partners, LLC, its Investment Manager

By: /s/ Lewis Schwartz
Name: Lewis Schwartz
Title: Chief Financial Officer

STRATEGIC VALUE SPECIAL SITUATIONS MASTER FUND II,LP
By: SVP Special Situations II, LLC, its Investment Manager

By: /s/ Lewis Schwartz
Name: Lewis Schwartz
Title: Chief Financial Officer

STRATEGIC VALUE SPECIAL SITUATIONS OFFSHORE FUNDII-A, LP
By: SVP Special Situations II, LLC, its Investment Manager

By: /s/ Lewis Schwartz
Name: Lewis Schwartz
Title: Chief Financial Officer

[signature page to Plan Sponsor Agreement]

YORK CAPITAL MANAGEMENT GLOBAL ADVISORS, LLC,
on behalf of funds and/or accounts managed or advised by it or
its affiliates

By: /s/ John J. Fosina
Name: John J. Fosina
Title: Chief Financial Officer

[signature page to Plan Sponsor Agreement]

THE POJO PARTIES

NESBITT ASSET RECOVERY LLC

By: /s/ Scott Jennings
Name: Scott Jennings
Title: President

[signature page to Plan Sponsor Agreement]

NESBITT ASSET RECOVERY SERIES J-1 (f/k/a
JOLIET TRUST I)

By: U.S. Bank Trust National Association as successor trustee to Wilmington Trust Company, not in its individual capacity but solely as Owner Trustee

By: /s/ David A. Jason
Name: David A. Jason
Title: Vice President

NESBITT ASSET RECOVERY SERIES P-1 (f/k/a
POWERTON TRUST I)

By: U.S. Bank Trust National Association as successor trustee to Wilmington Trust Company, not in its individual capacity but solely as Owner Trustee

By: /s/ David A. Jason
Name: David A. Jason
Title: Vice President

[signature page to Plan Sponsor Agreement]

NESBITT ASSET RECOVERY LLC, SERIES J-1
(as successor to JOLIET GENERATION I, LLC)

By: U.S. Bank Trust National Association as successor trustee to Wilmington Trust Company, not in its individual capacity but solely as Owner Trustee

By: /s/ David A. Jason
Name: David A. Jason
Title: Vice President

NESBITT ASSET RECOVERY LLC, SERIES P-1
(as successor to POWERTON GENERATION I, LLC)

By: U.S. Bank Trust National Association as successor trustee to Wilmington Trust Company, not in its individual capacity but solely as Owner Trustee

By: /s/ David A. Jason
Name: David A. Jason
Title: Vice President

[signature page to Plan Sponsor Agreement]

ASSOCIATES CAPITAL INVESTMENTS, L.L.C., as Equity Investor

By: /s/ Brian J. Whalen
Name: Brian J. Whalen
Title: Vice President

[signature page to Plan Sponsor Agreement]

POWERTON TRUST II, as Owner Lessor

By: Wilmington Trust Company, not in its individual capacity but solely as Owner Trustee

By: /s/ Robert P. Hines
Name: Robert P. Hines
Title: Assistant Vice President

JOLIET TRUST II, as Owner Lessor

By: Wilmington Trust Company, not in its individual capacity but solely as Owner Trustee

By: /s/ Robert P. Hines
Name: Robert P. Hines
Title: Assistant Vice President

[signature page to Plan Sponsor Agreement]

POWERTON GENERATION II, LLC,
as Owner Participant

By: /s/ Brian J. Whalen
Name: Brian J. Whalen
Title: Vice President

JOLIET GENERATION II, LLC,
as Owner Participant

By: /s/ Brian J. Whalen
Name: Brian J. Whalen
Title: Vice President

[signature page to Plan Sponsor Agreement]

THE BANK OF NEW YORK MELLON, as successor Pass Through Trustee for the Pass Through Trust Agreement B, dated as of August 17, 2000, by and among Midwest Generation, LLC and The Bank of New York Mellon, as successor Pass Through Trustee

By: /s/ Bridget Schessler
Name: Bridget Schessler
Title: Authorized Officer

[signature page to Plan Sponsor Agreement]

THE BANK OF NEW YORK MELLON, as successor Lease Indenture Trustee for the Indenture of Trust and Security Agreement dated as of August 17, 2000, by and among Powerton Trust I and The Bank of New York Mellon, as successor Lease Indenture Trustee

By: /s/ Bridget Schessler
Name: Bridget Schessler
Title: Authorized Officer

[signature page to Plan Sponsor Agreement]

THE BANK OF NEW YORK MELLON, as successor Lease Indenture Trustee for the Indenture of Trust and Security Agreement dated as of August 17, 2000, by and among Powerton Trust II and The Bank of New York Mellon, as successor Lease Indenture Trustee

By: /s/ Bridget Schessler
Name: Bridget Schessler
Title: Authorized Officer

[signature page to Plan Sponsor Agreement]

THE BANK OF NEW YORK MELLON, as successor Lease Indenture Trustee for the Indenture of Trust and Security Agreement dated as of August 17, 2000, by and among Joliet Trust I and The Bank of New York Mellon, as successor Lease Indenture Trustee

By: /s/ Bridget Schessler
Name: Bridget Schessler
Title: Authorized Officer

[signature page to Plan Sponsor Agreement]

Exhibit A

Purchase Agreement

ASSET PURCHASE AGREEMENT

by and among

EDISON MISSION ENERGY

NRG ENERGY HOLDINGS INC.

and

NRG ENERGY, INC.

October 18, 2013

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ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT (this "Agreement") is made as of October 18, 2013, by and among Edison Mission Energy, a Delaware corporation (as in existence on the date hereof, as a debtor-in-possession in the Chapter 11 Cases, " EME"), NRG Energy, Inc., a Delaware corporation ("Parent"), and NRG Energy Holdings Inc., a Delaware corporation (" Purchaser" and together with Parent, the "Purchaser Parties"). Purchaser, Parent and EME are sometimes referred to in this Agreement individually as a " Party" and collectively as the "Parties."

WHEREAS, EME, directly or indirectly through one or more other Persons, owns, licenses and leases assets used in the operation of the Business;

WHEREAS, on December 17, 2012 (the "Petition Date"), EME and the Debtor Subsidiaries filed voluntary petitions for relief (the "Chapter 11 Cases") under the Bankruptcy Code in the Bankruptcy Court;

WHEREAS, EME owns, directly or indirectly, all of the outstanding equity interests (the " Wholly-Owned Equity Interests") of the Subsidiaries set forth on the Schedule of Wholly-Owned Companies attached hereto (the "Wholly-Owned Companies");

WHEREAS, EME owns, directly or indirectly, the equity interests (the " Partially-Owned Equity Interests" and collectively, with the Wholly-Owned Equity Interests, the "Target Equity Interests") of the Subsidiaries and other Persons set forth on the Schedule of Partially-Owned Companies attached hereto (the "Partially-Owned Companies" and collectively, with the Wholly-Owned Companies, the "Acquired Companies");

WHEREAS, EME owns the Target Assets;

WHEREAS, EME intends to effect (a) the transfer of the Acquired Companies and the Target Assets to Purchaser (including, such that the assets and liabilities of the Acquired Companies shall, other than the Excluded Assets and Excluded Liabilities or as otherwise provided herein, remain assets and liabilities of the Acquired Companies from and after the Closing) and (b) the assignment and assumption of certain Assumed Liabilities by Purchaser and, where applicable, by the Acquired Companies, by (i) the transfer of the Target Equity Interests of the Acquired Companies listed on the Schedule of Purchased Interests attached hereto (such Target Equity Interests, the "Purchased Interests" and together with the Target Assets, the "Target Holdings")) and (ii) the transfer of Target Assets to Purchaser, in each case on the terms and subject to the conditions specified herein and in accordance with a plan of reorganization under Chapter 11 of the Bankruptcy Code, containing terms substantially consistent with, and other terms not materially inconsistent with, those set forth on that certain plan term sheet attached as an exhibit to the Plan Sponsor Agreement (the " Plan Term Sheet") (such plan of reorganization, the "Plan");

WHEREAS, the Transaction (as defined below) is subject to the authorization of the Bankruptcy Court pursuant to, inter alia, Section 1129 of the Bankruptcy Code and is expected to be consummated on or after the date on which the Plan becomes effective (the " Plan Effective Date");

WHEREAS, the board of directors of EME has approved this Agreement and the transactions contemplated hereby (including the Transaction (as defined below)) and by the Ancillary Agreements (as defined below) upon the terms and conditions set forth herein and therein;

WHEREAS, the board of directors of each Purchaser Party has approved this Agreement

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and the transactions contemplated hereby (including the Transaction) and by the Ancillary Agreements upon the terms and conditions set forth herein and therein; and

WHEREAS, the Parties, the official committee of unsecured creditors appointed in the Chapter 11 Cases (the " UCC") and certain holders of Notes issued by EME (the "Supporting Noteholders") have agreed to support the transactions contemplated hereby in accordance with the terms of that certain Plan Sponsor Agreement executed contemporaneously herewith and to which this Agreement is attached as an exhibit (the " Plan Sponsor Agreement").

NOW, THEREFORE, in consideration of the premises and the mutual representations, warranties and covenants herein contained, and intending to be legally bound, the Parties hereto hereby agree as follows:

ARTICLE 1
PURCHASE AND SALE OF THE TARGET HOLDINGS

1.1 Purchase and Sale of the Target Holdings. On the terms and conditions set forth in this Agreement, the Plan and the Confirmation Order, at, and effective as of, the Closing, Purchaser shall (a) purchase from EME, and EME shall sell to Purchaser, all of its right, title and interest in and to the Purchased Interests and the Target Assets, (b) pay to EME the Stock Purchase Price and the Estimated Cash Purchase Price, (c) assume from EME, and EME shall assign to Purchaser, all of the EME Assumed Liabilities, and (d) cause each Debtor Subsidiary that is an Acquired Company to assume all of the Debtor Subsidiary Assumed Liabilities (collectively, the "Transaction").

1.2 Purchase Price.

(a) When used herein, (i) the "Adjusted Base Purchase Price" means the result equal to (w) the Base Purchase Price, minus (x) the Permitted Asset Disposal Purchase Price, minus (y) the Excess Loss Amount, plus (z) the Agreed Incremental Tax Attribute Value (if any), (ii) the "Base Purchase Price" means $2,635,000,000 (TWO BILLION SIX HUNDRED THIRTY FIVE MILLION DOLLARS), (iii) the " Cash Purchase Price" means the

result equal to (v) the Adjusted Base Purchase Price minus the Stock Purchase Price Numerator, plus (w) the amount (if any) by which Closing Cash exceeds the Cash Target, minus (x) the amount (if any) by which the Cash Target exceeds Closing Cash, plus (y) the amount (if any) by which the Debt Target exceeds Closing Debt, minus (z) the amount (if any) by which Closing Debt exceeds the Debt Target, (iv) the " Stock Purchase Price Numerator" means $350,000,000 (THREE HUNDRED FIFTY MILLION DOLLARS), being the aggregate portion of the Adjusted Base Purchase Price to be paid in Parent Common Stock, and (v) the "Stock Purchase Price" means 12,671,977 (TWELVE MILLION SIX HUNDRED SEVENTY-ONE THOUSAND NINE HUNDRED SEVENTY SEVEN) shares of Parent Common Stock, which number of shares the Parties agree was initially determined by dividing (A) the Stock Purchase Price Numerator, by (B) $27.62, being the volume-weighted average trading price for the Parent Common Stock during the 20 trading days immediately preceding the date of this Agreement and as such number of shares of Parent Common Stock is equitably adjusted after the date hereof to reflect any split, combination, merger, recapitalization, extraordinary dividend or other transaction affecting the Parent Common Stock or the value thereof on or after the date hereof. For the avoidance of doubt, all obligations of the Purchaser Parties in respect of the PoJo Leases and Documents hereunder are in addition to, and not in full or partial satisfaction of, payment of the Adjusted Base Purchase Price.

(b) Not later than three (3) Business Days prior to the Closing, EME shall deliver to Purchaser its reasonable and good faith estimate of the amount of Closing Cash (the "Estimated Closing Cash") and the amount of Closing Debt (the "Estimated Closing Debt"), together with any estimated

adjustments to the Cash Target (as so adjusted, the "Estimated Cash Target"), the Debt Target (as so adjusted, the "Estimated Debt Target") and the Adjusted Base Purchase Price (the "Estimated Adjusted Base Purchase Price") necessitated in accordance with the definitions thereof and on the basis thereof and other facts known to happen after delivery thereof, EME's calculation of the Estimated Cash Purchase Price, together with recent bank screen shots, recent statements or other reasonable documentation providing back-up for such Estimated Closing Cash and Estimated Closing Debt calculations. When used herein, the "Estimated Cash Purchase Price" means the result equal to (i) the Estimated Adjusted Base Purchase Price minus the Stock Purchase Price Numerator, plus (ii) the amount (if any) by which Estimated Closing Cash exceeds the Estimated Cash Target, minus (iii) the amount (if any) by which the Estimated Cash Target exceeds Estimated Closing Cash, plus (iv) the amount (if any) by which the Estimated Debt Target exceeds Estimated Closing Debt, minus (v) the amount (if any) by which Estimated Closing Debt exceeds the Estimated Debt Target.

1.3 True-Up on Estimated Purchase Price.

(a) On or prior to the 20th Business Day after the Closing, Purchaser shall deliver to EME a statement (the " True-Up Statement") setting forth its good faith calculation of Closing Cash, Closing Debt, the Cash Target, the Debt Target and the Adjusted Base Purchase Price, together with reasonable back-up therefor and in each case calculated in accordance with the terms of this Agreement, and on the basis thereof, its calculation of the Cash Purchase Price. During the twenty Business Day period immediately following delivery of the True-Up Statement (the " Review Period"), EME and its Related Persons shall be permitted to review the information utilized by Purchaser in the preparation of the True-Up Statement and otherwise shall be provided with reasonable access during normal business hours to the books, records and employees of Purchaser and its Affiliates (including Transferred Employees) for such purpose and to assist in the review of the True-Up Statement and any Notice of Disagreement, and otherwise in connection with the matters contemplated by this Section 1.3 (including any dispute relating to the True-Up Statement and/or any of the calculations set forth on any of the foregoing).

(b) The True-Up Statement and the resulting calculation of the Cash Purchase Price therefrom and the components thereof shall become final and binding upon the Parties on the second Business Day following the Review Period unless EME provides written notice of its disagreement (a "Notice of Disagreement") to Purchaser prior thereto. Any Notice of Disagreement shall (x) specify the nature and amount of any disagreement so asserted, and (y) only include disagreements based on mathematical errors or based on the True-Up Statement and/or the calculations reflected and/or derived therefrom not being calculated in accordance with this Agreement. If a timely Notice of Disagreement is received by Purchaser, then the calculation of Cash Purchase Price and the components thereof (as revised in accordance with clause (1) or (2) below) shall become final and binding upon the Parties on the earlier of (1) the date EME and Purchaser resolve in writing any and all differences they have with respect to any and all matters specified in any and all Notice of Disagreements and (2) the date any and all matters properly in dispute are finally resolved in writing by the Bankruptcy Court (with it being understood and agreed that if all such differences are not resolved on or prior to the 10th Business Day after delivery of the Notice of Disagreement (or such later date as agreed between Purchaser and EME), then either Party may petition the Bankruptcy Court for resolution of all such disputes. When used herein, the " Final Cash Purchase Price" shall mean the Cash Purchase Price, as finally determined in accordance with this Section 1.3(b).

(c) If the Estimated Cash Purchase Price is less than the Final Cash Purchase Price (such shortfall, the " Shortfall Amount"), Purchaser shall, within five (5) Business Days after the Final Cash Purchase Price becomes final and binding on the Parties under this Section 1.3, deliver the Shortfall Amount to EME, by wire transfer of immediately available funds to the account where the Estimated

Cash Purchase Price was sent (or such other bank account as may have been designated in writing by EME). If the Estimated Cash Purchase Price is greater than the Final Cash Purchase Price (such excess, the "Excess Amount"), EME shall, within five (5) Business Days after the Final Cash Purchase Price becomes final and binding on the Parties under this Section 1.3, deliver the Excess Amount to Purchaser, by wire transfer of immediately available funds to an account designated in writing by Purchaser.

1.4 Target Assets. In addition to the transfer of the Purchased Interests (and thereby EME's direct and indirect interests in other Acquired Companies and the Acquired Companies' interests in their respective assets (other than Excluded Assets)), without duplication of its obligations under Section 1.1 of this Agreement, on the terms and subject to the conditions specified in this Agreement, at the Closing, EME shall transfer, convey and assign to Purchaser, and Purchaser shall accept from EME, the transfer, conveyance and assignment of all EME's right, title and interest in and to all (i) Cash of EME, (ii) other assets of EME (including Available Contracts), used in the operation of the Business, as conducted as of the date hereof, in the ordinary course of business consistent with past practice and (iii) such other of EME's assets that are identified as, and agreed in writing by the Parties to be, " Target Assets"; provided that, in no event shall the Target Assets include the Excluded Assets. If at any time after the Closing, EME is in possession of any Target Asset or receives any payment, refund, reimbursement, credit or set-off from any Person in respect of any Target Asset, or otherwise acquires or possesses any rights, entitlements or assets in respect of the Target Assets, such payments, refunds, reimbursements, credits or set-offs as applicable (or any savings therefrom), shall be held by EME in trust for the benefit of Purchaser and, promptly following the receipt thereof, EME shall pay over any such amounts to Purchaser without set-off or deduction of any kind and/or shall, at Purchaser's cost, execute and deliver any instruments of transfer or assignment that are necessary to transfer and assign to Purchaser or its designee, or otherwise vest Purchaser or its designee with title to, such assets, payments, refunds, reimbursements credits or set-offs (or any savings therefrom).

1.5 Excluded Assets. Notwithstanding anything to the contrary in this Agreement, Purchaser is not purchasing any assets of the Homer City Debtors or any of the following assets of EME (collectively, the "Excluded Assets"):

(a) the Intercompany Accounts;

(b) any bank accounts of EME and the Homer City Debtors; provided that EME is nevertheless responsible for transferring EME Cash to Purchaser as required in Section 1.4;

(c) the Rejected Contracts and each other contract or agreement rejected by EME or any Debtor Subsidiary prior to the date hereof;

(d) the Employee Benefit Plans set forth on Schedule 1.5 (the "Excluded Employee Benefit Plans") and any assets related to any Excluded Employee Benefit Plan;

(e) the EIX Litigation Claims;

(f) all rights under insurance policies and all claims, refunds, adjustments, proceeds and recoveries, and any other rights and benefits, under such policies (other than rights of the Acquired Companies with respect to the Transferred Policies (subject to the rights of EME and Subsidiaries that are not transferred to Purchaser to make claims against such Transferred Policies in accordance with the terms hereof));

(g) all Retained Books and Records;

(h) all Claims, refunds, adjustments, proceeds and recoveries, and any other rights of and benefits to, EME and any Acquired Company under or with respect to any Excluded Asset;

(i) every asset of EME that would constitute a Target Asset (if owned immediately prior to the Closing) to the extent conveyed or otherwise disposed of during the period from the date hereof until the Closing Date (i) in the ordinary course of business, (ii) at the direction of the Bankruptcy Court or (iii) as otherwise permitted by the terms of this Agreement;

(j) except to the extent otherwise transferred or conveyed to Purchaser pursuant to a Tax Attributes Agreement, if any, all Tax losses, Tax loss carry forwards, Tax credits and rights to receive Tax refunds or credits, Tax refunds and credits from net operating loss carry backs (excluding Tax refunds and credits of the Acquired Companies relating to carry backs from taxable periods, or portions of taxable periods, ending after the Closing Date), or other similar Tax assets, in all cases, with respect to any and all Taxes of EME, any Homer City Debtor or Taxes of the Acquired Companies for taxable periods or portions thereof ending on or before the Closing Date, including interest receivable with respect to any of the foregoing, and all rights to the foregoing under any Tax sharing agreements with EIX or any Non-EME Subsidiary (collectively, the " Tax Attributes");

(k) all claims or other rights of, or benefits to, EME and the Debtor Subsidiaries arising out of or relating in any way to the Chapter 11 Cases or any of the transactions contemplated thereby or entered into as a consequence thereof; provided, however, that the Plan shall provide that all Claims and causes of action arising under chapter 5 of the Bankruptcy Code, other than any such Claims and causes of action against any of the EIX Litigation Parties, shall be released as of the Plan Effective Date; provided further, that with the prior written consent of the Parent, which consent shall not be unreasonably withheld, the proponents of the Plan (other than Parent) may identify additional Persons in a schedule to the Plan Supplement that shall not be released of any Liability in relation to such Claims and causes of action.

(l) any other obligations of or with respect to or associated with EIX Litigation Parties, including, receivables from EIX, shared services, Tax sharing payments and rights under insurance policies of EIX Litigation Parties;

(m) all shares of capital stock or other equity interests issued by any of the Homer City Debtors;

(n) all assets of the Homer City Debtors;

(o) all claims or other rights of, or benefits to, EME arising under this Agreement and the Ancillary Agreements;

(p) all claims or other rights of, or benefits to, EME, whether arising out of events occurring prior to, on or after the Closing Date, including any rights under or pursuant to all warranties, representations, indemnities, agreements to hold harmless and guarantees made by any Person but, in each of the foregoing cases of this clause (p), only to the extent they relate to either Excluded Liabilities or Excluded Assets;

(q) all claims or other rights of, or benefits to, EME against or with respect to any director, officer, stockholder or other Related Person of, or any former director, officer, stockholder or other Related Person of, EME (whether or not asserted prior to the Closing Date), including any claims or other rights of, or benefits to, EME against any such Person or any third

party for indemnification, contribution, subrogation or reimbursement for expenses advanced or indemnification provided to any director, officer, stockholder or other Related Person of, or any former director, officer, stockholder or other Related Person of, EME;

(r) all contracts and agreements with EIX Litigation Parties not necessary for the operation of the Business; and

(s) all other assets set forth on Schedule 1.5.

If at any time after the Closing, Purchaser or any Acquired Company is in possession of any Tax Attribute or Excluded Asset or receives any payment, refund, reimbursement, credit or set-off from any Person in respect of any Tax Attribute or other Excluded Asset, or otherwise acquires or possesses any rights, entitlements or assets in respect of the Tax Attributes or other Excluded Assets, such payments, refunds, reimbursements, credits or set-offs as applicable (or any savings therefrom), shall be held by Purchaser or such Acquired Company, as applicable, in trust for the benefit of EME and, promptly following the receipt thereof, Purchaser or such Acquired Company, as applicable, shall pay over any such amounts to EME without set-off or deduction of any kind and/or shall, at EME's cost, execute and deliver any instruments of transfer or assignment that are necessary to transfer and assign to EME or its designee, or otherwise vest EME or its designee with title to, such assets, payments, refunds, reimbursements credits or set-offs (or any savings therefrom). If, however, the rights of Purchaser or an Acquired Company to a Tax Attribute or other Excluded Asset subsequently is denied or disallowed, EME promptly will reimburse Purchaser or the Acquired Company for the monetary amount of such denial or disallowance.

1.6 Assumed Liabilities.

(a) At, and effective as of, the Closing, and on the terms and conditions set forth in this Agreement, the Plan and the Confirmation Order, in addition to the payment of the Stock Purchase Price plus the Estimated Cash Purchase Price by Purchaser in accordance with Section 1.1 and as additional consideration for the Target Holdings, (i) Purchaser shall, and Parent shall cause Purchaser to, irrevocably assume and agree to faithfully pay, perform, discharge and fulfill, and if applicable, comply with, in each case when due or required, all of the EME Assumed Liabilities in accordance with their respective terms and (ii) Purchaser shall cause each Debtor Subsidiary that is an Acquired Company to irrevocably assume and agree to faithfully pay, perform, discharge and fulfill and, if applicable, comply with, in each case when due or required, all of such Debtor Subsidiary's respective Debtor Subsidiary Assumed Liabilities. Without limiting the foregoing, Purchaser shall, and Parent shall cause Purchaser to, pay, perform and discharge all EME Assumed Rejection Liabilities and all Debtor Subsidiary Assumed Rejection Liabilities on the date on which such liability becomes Allowed. Each of Parent and Purchaser, on behalf of itself and each of the Acquired Companies, waives all rights of contribution, indemnification, reimbursement, subrogation or other rights against EME and the Homer City Debtors with respect to the Assumed Liabilities.

(b) When used herein, "EME Assumed Liabilities" means the following Liabilities of EME:

(i) all trade and vendor accounts payable and accrued liabilities arising from or out of the operation of the Business prior to the Closing (including prior to the Petition Date);

(ii) all Liabilities of EME under the PoJo Leases and Documents, as modified pursuant to Section 9.4(b) hereof, including any Tax indemnity agreements and guarantees associated therewith and as more fully described in the Support Obligations;

(iii) all Cure Amounts and other Liabilities with respect to Assumed Contracts, other than the Agreed PoJo Cure Amount;

(iv) all Liabilities arising from the rejection of the Rejected Contracts (the "EME Assumed Rejection Liabilities"); provided that the "EME Assumed Rejection Liabilities" shall not include the Excluded Rejection Liabilities;

(v) all Liabilities agreed to be assumed by Purchaser or for which Purchaser has agreed to be, or to cause the Acquired Companies to be responsible, in accordance with this Agreement (including as provided in Article 9 hereof) and the Ancillary Agreements;

(vi) all Liabilities with respect to the ownership or operation of the Acquired Companies and the Target Assets from and after the Closing;

(vii) all Liabilities relating to any Legal Proceedings or Claims for which EME is liable relating to a Liability, Legal Proceeding or Claim asserted against any Acquired Company (except to the extent that such Liabilities of such Acquired Company are Excluded Liabilities or to the extent that EME is a primary obligor for such Liability or has Liability as a result of acts separate and apart from what is alleged in the Legal Proceeding or Claim against the Acquired Company);

(viii) all Liabilities of EME or the Acquired Companies with respect to the Legal Proceedings set forth on Schedule 1.6; and

(ix) other Liabilities set forth on Schedule 1.6.

(c) When used herein, "Debtor Subsidiary Assumed Liabilities" means the following Liabilities:

(i) subject to the discharge, release, and injunction provisions of the Plan, all Liabilities of the Debtor Subsidiaries that are Acquired Companies for Claims that are Allowed; provided that nothing herein shall include any Excluded Liabilities;

(ii) all Cure Amounts and other Liabilities of the Debtor Subsidiaries that are Acquired Companies with respect to Assumed Contracts, other than the Agreed PoJo Cure Amount;

(iii) all Liabilities of the Debtor Subsidiaries that are Acquired Companies related to the rejection of the Rejected Contracts (the "Debtor Subsidiary Assumed Rejection Liabilities"); provided that the "Assumed Rejection Liabilities" shall not include the Excluded Rejection Liabilities;

(iv) all Liabilities of the Debtor Subsidiaries that are Acquired Companies agreed to be assumed by Purchaser or for which Purchaser has agreed to be, or to cause the Debtor Subsidiaries that are Acquired Companies or the Acquired Companies generally, to be responsible, in accordance with this Agreement (including Section 9.6 hereof) and the Ancillary Agreements; and

(v) all Liabilities of the Debtor Subsidiaries that are Acquired Companies with respect to the ownership or operation of the Acquired Companies and the Target Assets from and after the Closing.

(d) Without limiting the other provisions of this Agreement, it is acknowledged and agreed that, subject to the terms of any release and injunction with respect to Excluded Liabilities contained in the Plan, as approved by the Confirmation Order, each Acquired Company that is not a Debtor Subsidiary shall, from and after the Closing, pay and remain responsible for the timely discharge and payment of its Liabilities.

1.7 Excluded Liabilities. Notwithstanding Section 1.6, neither Purchaser nor Parent nor any Acquired Company shall assume or be liable or responsible for, and EME (or, in the case of Section 1.7(i), the Homer City Debtors) shall retain and be responsible for, in accordance with the Plan, the Excluded Liabilities. Furthermore, neither the Purchaser Parties nor any Acquired Company shall, as provided in the Plan, from and after the Closing, be liable or responsible for the Excluded Liabilities. When used herein, the "Excluded Liabilities" means the following Liabilities of EME, the Homer City Debtors, and the Wholly-Owned Companies:

(a) all Liabilities of EME that are not EME Assumed Liabilities;

(b) all Liabilities under the Notes;

(c) all Excluded Employee Liabilities or Liabilities under any Replicated Plans (other than the EME Severance Plans and other Employee Benefit Plans for which Purchaser or an Acquired Company is responsible in accordance with Section 9.6);

(d) all Liabilities for rejection damages arising from the rejection of executory contracts or unexpired leases of EME or any Debtor Subsidiaries on or before the date of this Agreement or any rejection of such agreements after the date of this Agreement without the prior written consent of Purchaser (the "Excluded Rejection Liabilities");

(e) all Liabilities asserted by EIX or other intercompany Liabilities to the extent they are not between Acquired Companies, other than Liabilities under ordinary course shared services and other operating arrangements;

(f) the Agreed PoJo Cure Amount;

(g) other than the EME Assumed Rejection Liabilities and the Debtor Assumed Rejection Liabilities, all Liabilities arising from or related to the Excluded Assets;

(h) the Excluded Tax Liabilities;

(i) all Liabilities of and relating to the Homer City Debtors or the Chapter 11 Cases relating to the Homer City Debtors or relating to or arising from the 1,884 MW Homer City coal-fired generation facility and associated facilities located in Indiana County, Pennsylvania;

(j) all Liabilities and obligations incurred by the UCC, the Supporting Noteholders, EME or any of its Subsidiaries relating to legal services, accounting services, financial advisory services, investment banking services or any other professional services to the extent performed in furtherance of the Transaction or the Chapter 11 Cases; and

(k) other Liabilities for which EME has agreed to remain responsible in accordance with this Agreement and the Plan, including professional and administrative fees and expenses for which EME has agreed to be responsible pursuant to the Plan.

1.8 Contribution of Certain Excluded Assets and Excluded Liabilities . At the Closing, and upon the terms and conditions set forth in this Agreement, the Plan and the Confirmation Order EME shall cause the Wholly-Owned Companies to, transfer, convey and assign to EME, all of their right, title and interest in and to all of the Excluded Assets, to EME, and EME shall accept the transfer, conveyance and assignment from the Wholly-Owned Companies to EME of the Excluded Assets (the "Excluded Assets Contribution"). EME shall be responsible for all Taxes and other costs associated with the transactions taken pursuant to this Section 1.8.

1.9 The Closing. Unless this Agreement shall have been terminated prior thereto pursuant to Article 7, the consummation of the Transaction will be effected (the "Closing") and shall occur at the offices of Kirkland & Ellis LLP, 300 North LaSalle, Chicago, Illinois 60654, at 9:00 a.m. local time on the Plan Effective Date (assuming the satisfaction or waiver by the appropriate Party of all the conditions contained in Article 3 (other than conditions which by their terms or their nature are to be performed or measured as of the Closing Date (provided such conditions are satisfied at the Closing or waived by the applicable Party))) and the Closing shall be effective as of 12:01 a.m. local time on the Closing Date. The date on which the Closing occurs is sometimes referred to as the "Closing Date". Each Party will, and will cause its Affiliates to, at the Closing execute and deliver the agreements, documents, certificates and other deliveries (including the Ancillary Agreements) required hereunder to be executed and/or delivered at the Closing by such Party and/or such Affiliates of such Party or for which such execution and/or delivery is a condition to another Party's obligations to consummate the Closing.

ARTICLE 2
CLOSING ACTIONS AND DELIVERIES

2.1 EME Deliveries. At the Closing, EME shall, or, if applicable, shall cause one of its Subsidiaries to, deliver the following documents, consistent with the terms of this Agreement:

(a) a bill of sale with respect to the Target Assets, duly executed by EME, in the form of Exhibit A attached hereto;

(b) an assignment and assumption agreement with respect to the EME Assumed Liabilities, duly executed by EME, in the form of Exhibit B attached hereto;

(c) to the extent any of the Purchased Interests are certificated, the certificates evidencing such Purchased Interests (but in the case of certificates representing Purchased Interests for Viento Funding II, Inc., only if the pledge thereon has been released), together with an assignment separate from certificate or other instrument reasonably acceptable to the Parties as may necessary to cause the assignment or transfer of the Purchased Interests;

(d) certificates of title, assignments of contracts and other instruments of transfer, conveyance and assignment as and to the extent agreed by EME and Purchaser to be necessary to evidence the transfer, conveyance and assignment to Purchaser of EME's right, title and interest in and to the Target Assets (collectively, the "Additional Conveyance Documents");

(e) such assignments of Contracts and other instruments of assumption as and to the extent necessary to evidence the valid and effective assumption by Purchaser of the Assumed Liabilities (collectively, the "Additional Liabilities Assumption Documents");

(f) such bills of sale, assignment and assumption and other conveyance documents as may be determined by the Parties to be necessary to executed to effectuate the Excluded Assets Contribution; and

(g) an affidavit of non-foreign status from EME that complies with Section 1445 of the Code.

2.2 Purchaser Parties' Deliveries. At the Closing, the Purchaser shall (and Parent shall cause Purchaser to) deliver the following items, consistent with the terms of this Agreement:

(a) an amount equal to the Estimated Cash Purchase Price by wire transfer of immediately available funds into an account to be specified in the Confirmation Order (the "EME Account");

(b) the Stock Purchase Price;

(c) an assignment and assumption agreement with regard to the Assumed Liabilities, duly executed by Purchaser, in the form of Exhibit B attached hereto;

(d) each of the Additional Conveyance Documents and Additional Liabilities Assumption Documents; and

(e) such bills of sale, assignment and assumption and other conveyance documents as may be determined by the Parties to be necessary to executed to effectuate the Excluded Assets Contribution.

ARTICLE 3
CONDITIONS TO CLOSING

3.1 Conditions to Parties' Obligations. The obligation of the Purchaser Parties, on the one hand, and EME, on the other hand, to consummate the Closing is subject to the satisfaction or, to the extent such waiver is permitted by Law, waiver by the Parties, on or prior to the Closing Date, of the following conditions as of immediately prior to the Closing:

(a) No Violation of Order. No Order shall have been enacted, entered, promulgated or enforced by any Governmental Authority with jurisdiction over the transactions contemplated by this Agreement which prohibits or seeks to prohibit the consummation of the transactions contemplated by this Agreement.

(b) Plan and Confirmation Order. The Plan shall have become effective pursuant to the Confirmation Order, and such Confirmation Order shall not then be subject to a stay.

(c) Governmental Approvals.

(i) The waiting period (and any extension thereof), or any necessary approval, as applicable, related to the transactions contemplated by this Agreement under the HSR Act shall have been received, terminated or shall have expired, as applicable; and

(ii) any required approval of FERC under Section 203 of the Federal Power Act shall have been obtained; and

(iii) all other authorizations, consents, Orders or approvals of, or expiration of waiting periods imposed by, any Governmental Authority and set forth on Exhibit C shall have been obtained from the appropriate Governmental Authorities (such approvals set forth in subsections (i) through (iii), collectively, the "Governmental Approvals"); provided that, for the

avoidance of doubt, in no event shall the Governmental Approvals include relief or other authorization, consent, Order or approval of IPCB, any other environmental regulatory agency or any other Governmental Authority for variances or waivers with respect to the coal-fired facilities owned by MWG or otherwise with respect to the Target Assets or any assets of any Acquired Companies.

(d) Effectiveness of Form S-1. The Form S-1 shall have become effective under the Securities Act and shall not be subject to any actual or threatened Legal Proceeding or Order that limits or suspends such effectiveness.

(e) No Termination of Agreement. This Agreement shall not have been terminated in accordance with Section 7.1.

Any condition specified in this Section 3.1 may be waived prior to Closing only by a written instrument signed by EME and Purchaser.

3.2 Conditions to Purchaser Parties' Obligations. The obligation of the Purchaser Parties to consummate the Closing is subject to the satisfaction or waiver by Purchaser of each of the following additional conditions, as of immediately prior to the Closing:

(a) EME Performance of Covenants. The covenants and agreements of EME to be performed as of or prior to the Closing shall have, in the aggregate, been performed in all material respects, except to the extent of changes or developments contemplated by the terms of this Agreement.

(b) Collective Bargaining Agreements. EME shall not have renewed or extended any Collective Bargaining Agreement other than on terms previously disclosed to Purchaser and/or its legal counsel in writing and otherwise on terms materially consistent with the existing Collective Bargaining Agreements and in no event shall the term of any such renewed or extended Collective Bargaining Agreement expire or terminate after December 31, 2014.

(c) EME Material Adverse Effect. Since the date of this Agreement, no EME Material Adverse Effect shall have occurred and be continuing.

(d) Event of Loss or Taking. Since the date of this Agreement, (i) no Walnut Creek Loss shall have occurred and be continuing and (ii) no Event of Loss shall have occurred and be continuing that, either individually or in the aggregate, after the application of any insurance proceeds and/or condemnation awards to the extent received, involves aggregate Restoration Costs and Condemnation Value as of the Closing Date in excess of twenty percent (20%) of the Stipulated Transaction Value.

(e) EME Closing Deliveries. EME shall have delivered those documents, agreements, instruments and all other deliverables set forth in Section 2.1 above.

(f) Absence of Leverage Event. Since the date of this Agreement, neither EME nor any of its Subsidiaries shall have increased the principal amount of its respective Debt, whether recourse or non-recourse, or otherwise materially restructured any of its debt obligations (collectively, a "Leverage Event") without the express written consent of Purchaser; provided, however, that a Leverage Event may occur without the consent of Purchaser and without failure of this condition to the extent (i) such Debt is an Excluded Liability, (ii) such Debt is MWG Permitted Debt, (iii) capitalization of interest to principal in accordance with the governing documents for such Debt, or (iv) EME reasonably determines in good faith

that such Leverage Event is in the best interests of or necessary for the continued ordinary course operation of EME or such Subsidiary.

(g) Consent of the PoJo Parties. Since the date of this Agreement, there have been no defaults or events of default under the PoJo Leases and Documents other than those waived under the PoJo Term Sheet and there has been no rejection of the PoJo Leases and Documents.

Any condition specified in this Section 3.2 may be waived prior to Closing only by a written instrument signed by Purchaser.

3.3 Conditions to EME's Obligations. The obligation of EME to consummate the Closing is subject to the satisfaction or waiver by EME of each of the following additional conditions as of immediately prior to the Closing:

(a) Purchaser Parties' Performance of Covenants. The covenants and agreements of the Purchaser Parties to be performed as of or prior to the Closing shall have, in the aggregate, been performed in all material respects, except to the extent of changes or developments contemplated by the terms of this Agreement.

(b) Purchaser Parties' Closing Deliveries. The Purchaser Parties shall have delivered those documents, agreements, instruments and all other deliverables set forth in Section 2.2 above.

(c) Listing of Parent Common Stock. The Parent Common Stock being issued as the Stock Purchase Price shall have been approved for listing on the New York Stock Exchange, subject to official notice of issuance.

Any condition specified in this Section 3.3 may be waived prior to Closing only by a written instrument signed by EME.

3.4 Waiver of Condition; Frustration of Closing Conditions. All conditions to the Closing shall be deemed to have been satisfied or waived from and after the Closing. Neither Purchaser or Parent nor EME may rely on the failure of any condition set forth in this Article 3 to be satisfied if such failure was caused by such Party or such Party's failure to use, as required by this Agreement, its reasonable best efforts to consummate the Transaction.

3.5 No Other Conditions. For the avoidance of doubt, except as set forth in Sections 3.1, 3.2 and 3.3 of this Agreement, there are no other conditions precedent to Closing for any Party, including conditions precedent relating to due diligence, environmental contingencies, financing, or Legal Proceedings (including the Chevron Litigation).

ARTICLE 4
COVENANTS

4.1 General.

(a) Subject to the terms and conditions of this Agreement, except to the extent that a different standard is specified herein (in which case such standard shall apply with respect to the covenant so specified), each of the Parties will use its reasonable best efforts to take, or cause to be taken, all actions and to do, or cause to be done, all things necessary, proper or advisable in order to consummate and make effective the transactions contemplated by this Agreement and by the Ancillary Agreements as promptly as practicable (including satisfaction, but not waiver, of the conditions to Closing set forth in

Article 3 and approval of the Orders and the Plan contemplated hereby). Nothing herein shall obligate any Party to take any action to the extent such Party is prohibited from doing so by Law or Order prior to the entry of the PSA Order or the Confirmation Order (as applicable).

(b) Without limiting the generality of the Purchaser Parties' obligations under Section 4.1(a), the Purchaser Parties shall (i) all times after the date hereof, maintain sufficient cash on hand and available undrawn commitments under the Available Credit Facilities in order to satisfy, and for the purpose of satisfying, their obligations hereunder when required, and (ii) satisfy on a timely basis all conditions for drawing that are within its control applicable to the Purchaser Parties under the Applicable Credit Facilities. The Purchaser Parties may not (A) replace or amend any Available Credit Facility if such replacements or amendments, individually or in the aggregate, would prevent, delay or impair the availability of the borrowings thereunder or the consummation of the Transaction when required by this Agreement or (B) terminate or materially reduce commitments under any Available Credit Facility. Notwithstanding anything in this Section 4.1(b) or elsewhere in this Agreement to the contrary, each of the Purchaser Parties affirms that it is not a condition to the Closing or to any of its obligations under this Agreement that the Purchaser Parties obtain debt or other financing for or related to any of the transactions contemplated by this Agreement.

4.2 Access. After the date hereof and until the earlier of the Closing and the date that this Agreement is terminated in accordance with its terms, EME shall (in its reasonable discretion) grant or cause to be granted to Purchaser and its authorized representatives reasonable access, during normal business hours and upon reasonable notice, to the personnel and facilities of EME and the other Acquired Companies solely for purposes of transition planning. In the event that EME elects to provide such access, the Parties shall cooperate so that (a) such access does not unreasonably interfere with the normal operations of EME or any of the Acquired Companies; (b) such access occurs in such a manner as EME reasonably determines to be appropriate to protect the confidentiality of the information sought; (c) all requests for access to EME and/or any of the Acquired Companies are directed to Maria Rigatti and/or Daniel McDevitt (the "EME Designated Contacts"), or such individuals as EME may designate in writing from time to time; (d) such access and disclosure is provided in such a manner and subject to such additional agreements as EME reasonably determines to protect against significant competitive harm to EME and/or any of the Acquired Companies if the transactions contemplated by this Agreement are not consummated, to avoid the breach of any third party agreement by EME or any of the Acquired Companies or to protect against in the loss of attorney-client privilege for any information so disclosed; and (e) neither Purchaser nor its Related Persons is provided access to or receives any information if such access or disclosure is restricted pursuant to and/or prohibited by any applicable Laws or any Governmental Authority (including the HSR Act and other Antitrust Laws, FERC, or Laws regarding employee rights of privacy); provided that if EME reasonably determines that certain information to be provided is commercially sensitive, EME may require that such information be provided pursuant to a mutually acceptable and reasonable "clean team" arrangement (whereby no one who serves on the clean team has been or will be involved in any manner in decision-making competitive to the Business prior to Closing and whereby members of the clean team will be permitted to convey results to their superiors and other parties subject to reasonable constraints on the conveyance of specific marketing, selling or pricing information). Other than the EME Designated Contacts or as expressly provided in this Section 4.2, Purchaser is not authorized to and shall not (and shall cause its Related Persons not to) contact any officer, director, employee, supplier, lessee, lessor, licensee, licensor, distributor, lender, customer or other material business relation of EME or any of the Acquired Companies regarding this Agreement or the Transaction prior to the Closing without the prior written consent of EME, such consent not to be unreasonably withheld, conditioned, or delayed, and shall not seek any variances or waivers with respect to any Acquired Company from the IPCB or any other Governmental Authority prior to the Closing. Parent shall, and shall cause Purchaser and Purchaser's Related Persons and its Related Persons to, abide

by the terms of the Confidentiality Agreement with respect to such access and any information furnished to it, the Purchaser or their respective Related Persons pursuant to this Section 4.2.

4.3 Sales of Excluded Assets; Permitted Asset Disposals; Non-Core Assets . As a material inducement to EME to execute and deliver this Agreement, it is expressly acknowledged and agreed that EME may, without breach of this Agreement, (a) market the Excluded Assets, the Non-Core Assets and the assets included in Permitted Asset Disposals, for sale, transfer, and conveyance, (b) provide information for third parties with respect thereto, and (c) sell, transfer and/or convey, and otherwise take acts with respect thereto that (but for this Section 4.3 and Section 4.6(e)) would be a breach of this Agreement if not consented to by Purchaser. In the event that EME executes a definitive agreement for the sale, transfer or conveyance of any Excluded Assets, Non-Core Assets or other assets included in a Permitted Asset Disposal, or to the extent that EME or any Acquired Company is required to sell, transfer or convey any assets as a result of any Order of a Governmental Authority in connection with the Chevron Litigation, such sale, transfer and conveyance shall have the effects provided for in this Agreement, such assets shall no longer be subject to the provisions of this Agreement and any Acquired Company sold, transferred or conveyed shall no longer be an "Acquired Company" for purposes of this Agreement. All liabilities of EME or any Acquired Company with respect to such Excluded Assets and Non-Core Assets or assets included in a Permitted Asset Disposal transferred to third party buyers and all Liabilities of any Acquired Company transferred to a third party as a result of any Order of a Governmental Authority in connection with the Chevron Litigation, whether by Law, Contract or otherwise, in connection with such transaction shall, pursuant to this Agreement, become "Excluded Liabilities." In furtherance of the foregoing, each Party shall cooperate and execute such amendments or waivers to this Agreement and additional filings or amendments to filings with Governmental Authorities as are reasonably requested by the other Parties with respect to such sale, transfer or conveyance.

4.4 Conduct of EME and the Acquired Companies . Except as otherwise agreed in writing by the Parties or as required with respect to EME or the Debtor Subsidiaries by an Order of the Bankruptcy Court, without the prior written consent of Purchaser (not to be unreasonably withheld, conditioned or delayed) and, if required, the authorization of the Bankruptcy Court (after notice and a hearing), from the date hereof until the earlier to occur of (x) the Closing or (y) the date this Agreement is terminated in accordance with its terms, EME shall not, and shall cause its Subsidiaries to not, except as required or expressly permitted pursuant to the terms hereof or as set forth on Schedule 4.4:

(a) materially change the accounting, billing, cash management, inventory, and spare parts practices used by EME and its Subsidiaries (including with respect to the timing and frequency of collection of receivables and payment of payables) from present practices;

(b) except as provided in Section 4.8 or to the extent that such action in the aggregate would not require payment by Purchaser or any Acquired Company after the Closing in excess of $500,000, (i) make, revoke, or change any Tax election, (ii) amend any Tax return or file a claim for a Tax refund, (iii) settle or compromise any assessment or deficiency of Taxes, (iv) initiate or conclude any Tax administrative or judicial proceeding involving Taxes or (v) change any method of Tax accounting or any Tax policy;

(c) except (x) as necessary to substantially mirror or replicate any Employee Benefit Plan (other than any "employee benefit pension plan" as defined in Section 3(2) or ERISA) that is intended to be qualified under Section 401(a) of the Code) sponsored and maintained by EIX or any Non-EME Subsidiaries under which EME or any Acquired Company is required to cease participation effective as of January 1, 2014 (collectively, the " Replicated Plans"), (y) to the extent the same would be Excluded Liabilities, or (z) as set forth or permitted under Section 9.6, (i) increase the compensation or other benefits (including the granting of discretionary bonuses) payable or provided to directors, officers

or employees other than in the ordinary course consistent with past practice or required under the terms of any Employee Benefit Plan or applicable Law; (ii) enter into, adopt, amend modify (including acceleration of vesting), or terminate any bonus, profit sharing, incentive, compensation, severance, retention, termination, option, appreciation right, performance unit, stock equivalent, share purchase agreement, pension, retirement, deferred compensation, employment, or other employee benefit agreement, trust plan, fund or other arrangement for the compensation, benefit or welfare of any director, officer or employee in any manner, other than in the ordinary course consistent with past practice or required under the terms of any Employee Benefit Plan or applicable law; or (iii) enter into or amend any Collective Bargaining Agreement except as provided in Section 3.2(b);

(d) except as permitted under Section 4.8, amend or otherwise make any changes to the Organizational Documents;

(e) materially increase the VaR limits, notional limits or other risk limits;

(f) waive, release, assign, settle or compromise any material Claims of EME or any of the Acquired Companies against a third party outside the ordinary course of business to the extent such Claim is a Target Asset hereunder or requires material payment by Purchaser or any Acquired Company after the Closing or materially impedes the operation of the Business after the Closing; provided, for the avoidance of doubt that nothing in this Section 4.4(f) shall limit the rights of EME or its Subsidiaries to bring, file, prosecute, waive, release, assign, settle or compromise any of the EIX Litigation Claims or any other Excluded Asset or Non-Core Asset to the extent such Non-Core Asset is sold, transferred or conveyed prior to the Closing Date in accordance with this Agreement and no such consent of Purchaser shall be required if the subject matter of the Claim is a commercially sensitive matter; or

(g) cause any assets or Liabilities of the Homer City Debtors to be sold, transferred, assigned, conveyed or assumed by EME or any Acquired Company.

4.5 Assumed Contracts and Cure Amounts .

(a) Not later than twenty (20) Business Days prior to the filing of the Plan Supplement, EME shall assemble and deliver to Purchaser a comprehensive list of all executory contracts, collective bargaining agreements, unexpired leases of real and personal property and other contracts which are assumable and assignable in connection with the Plan to which EME and the Debtor Subsidiaries that are Acquired Companies are party (the "Available Contracts"), together with proposed Cure Amounts (" Proposed Cure Amounts") related thereto (the "Available Contract List").

(b) Contemporaneously with the delivery of the Available Contract List to Purchaser, EME shall provide notice (the " Available Contracts Notice") to all counterparties to the Available Contracts of (i) the Proposed Cure Amounts (if any), (ii) the identity of the party to which Available Contracts may be assumed and/or assigned, as applicable, (which shall be Purchaser in the case of Available Contracts to which EME is a party and the Acquired Company party thereto in the case of the other Available Contracts), (iii) the procedures for filing objections to the Proposed Cure Amounts, and (iv) the process by which related disputes will be resolved by the Bankruptcy Court. The Available Contracts Notice shall serve as notice of the potential assumption and/or assignment of the Available Contracts listed therein, along with the potential assignment of such Available Contracts to the assignees listed therein (where applicable), and the Proposed Cure Amounts. The deadline for non-Debtor counterparties to all Available Contracts to object to the Proposed Cure Amounts shall be on or before the date that is ten (10) Business Days prior to the Plan Confirmation Hearing (the " Cure Amount Objection Deadline").

(c) Not later than ten (10) Business Days prior to the deadline for entities entitled to vote on the Plan to submit votes to accept or reject the Plan, Purchaser shall deliver to EME, and EME shall file promptly thereafter, (i) the list of Available Contracts that EME shall seek to assume and assign to Purchaser and that the Debtor Subsidiaries that are Acquired Companies shall seek to assume (the " Assumed Contracts," and the list related thereto, the "Assumed Contracts List"), in each case as part of the Schedule of Assumed Executory Contracts and Unexpired Leases (as defined in the Plan) and (ii) the list of Available Contracts that EME and the Debtor Subsidiaries that are Acquired Companies shall seek to reject (the " Rejected Contracts," and the list related thereto, the "Rejected Contracts List"), as part of the Schedule of Rejected Executory Contracts and Unexpired Leases (as defined in the Plan). For the avoidance of doubt, the Assumed Contract List for the Acquired Companies shall include the Non-Rejectable Contracts and shall become incorporated into and shall be, and shall be deemed to be, included within the Schedule of Assumed Executory Contracts and Unexpired Leases (as defined in the Plan) for all purposes. Any executory contract or unexpired lease that is not expressly listed on the Assumed Contracts List shall be deemed rejected unless and until the Purchaser Parties amend the Assumed Contracts List consistent with Section 4.5(e).

(d) In the Plan and Confirmation Order, subject to the Bankruptcy Code, applicable Law and Bankruptcy Court approval, EME and the Debtor Subsidiaries shall seek authorization for:

(i) EME to assume and assign to Purchaser the Assumed Contracts to which EME is party;

(ii) the Debtor Subsidiaries that are Acquired Companies to assume the Assumed Contracts to which any Debtor Subsidiary that is an Acquired Company is party; and

(iii) EME and the Debtor Subsidiaries that are Acquired Companies to reject the Rejected Contracts,

in each case pursuant to and in accordance with Section 365 of the Bankruptcy Code.

(e) Purchaser shall have the right to amend the Assumed Contracts List at any time prior to the Confirmation Hearing to remove any Available Contract (other than the Non-Rejectable Contracts) from the Assumed Contracts List, and, without limiting the obligations of the Purchaser Parties hereunder and under the Plan with respect to Rejection Liabilities, any Available Contracts so removed shall be Excluded Assets for purposes of this Agreement and shall be included in the Excluded Asset Contribution and the Rejected Contracts List and the Schedule of Rejected Executory Contracts and Unexpired Leases (as defined in the Plan); provided that Purchaser may not remove any Non-Rejectable Contract from the Assumed Contracts List. EME shall promptly amend the Schedule of Assumed Executory Contracts and Unexpired Leases (as defined in the Plan) to reflect the changes made by Purchaser to the Assumed Contracts List in accordance with this Section 4.5(e).

(f) If any objection to the assumption or assignment of any Assumed Contracts or to any Cure Amount is timely filed, the Bankruptcy Court may hold a hearing with respect to such objection either at (i) the Confirmation Hearing, or (ii) at such other date as the Bankruptcy Court shall designate prior to the Closing Date (unless otherwise agreed by EME and Purchaser). If any such objection relating to a Cure Amount is not resolved prior to Closing, the Purchaser Parties shall have the right to challenge such objection with the Bankruptcy Court and the Purchaser shall pay the amount as finally resolved by the Bankruptcy Court.

(g) At or prior to the Closing, to the extent required by applicable Law, each of the Purchaser Parties shall provide adequate assurance of the future performance of each Assumed Contract.

Without limiting the generality of the foregoing, on the Plan Effective Date, as adequate assurance of future performance under the PoJo Leases and Documents, unless otherwise agreed by the Purchaser Parties and the PoJo Parties, Purchaser shall deliver to each Owner Lessor a guarantee in substantially the form of the existing guarantee executed by EME in favor of such parties and shall execute a Tax indemnity agreement substantially in the form of the Tax indemnity agreement executed by EME as part of the PoJo Leases and Documents or, in each case, in a form otherwise agreed to by the Purchaser Parties and the PoJo Parties.

(h) Purchaser shall, and Parent shall cause Purchaser to, on or prior to the assumption and assignment by EME to Purchaser or the assumption by any Acquired Company of any Assumed Contract and in any event not later than the Closing, cure any and all defaults under such Assumed Contract that are required to be cured under the Bankruptcy Code, so that such Contracts may be assumed and assigned by EME to Purchaser or assumed by any other Acquired Company, as applicable, in accordance with the provisions of Section 365 of the Bankruptcy Code; provided that, notwithstanding anything herein to the contrary, EME shall (or shall cause MWG to) pay (and Purchaser shall have no responsibility for payment of) the Agreed PoJo Cure Amount when required in accordance with the Plan.

4.6 Solicitation.

(a) Notwithstanding any other provision of this Agreement to the contrary, during the period beginning on the date of this Agreement and continuing until the Solicitation Period End-Date, EME and its Related Persons shall have the right, directly or indirectly, to (i) solicit, initiate, facilitate or encourage any inquiries regarding, or the making of any proposal or offer that constitutes, an Acquisition Proposal, including by way of providing access to the directors, officers, employees, agents, properties, books and records of EME and its Subsidiaries and information and (ii) continue, enter into and maintain discussions or negotiations with respect to Acquisition Proposals or other proposals that could lead to Acquisition Proposals, or otherwise cooperate with or assist or participate in, or facilitate any such discussions or negotiations. For purposes of this Agreement, " Solicitation Period End-Date" means 11:59 p.m. (CST) on December 6, 2013. Purchaser shall not, and shall cause each of Affiliates not to, actively interfere with or prevent the participation of any Person, including any officer or director of EME or any of its Subsidiaries or other Target Companies and any bank, investment bank or other potential provider of debt or equity financing, in the making of any Acquisition Proposal or any negotiations or discussions permitted by this Section 4.6.

(b) EME shall, and shall cause its Subsidiaries to, and shall use its reasonable best efforts to cause its Related Persons to, promptly after the Solicitation Period End-Date, cease any existing solicitations, discussions or negotiations with any Persons that may be ongoing with respect to any Acquisition Proposals or any proposal reasonably likely to result in an Acquisition Proposal and cause any physical or virtual data room to no longer be accessible to or by any Person. From the Solicitation Period End-Date until the earlier to occur of the Closing and the termination of this Agreement in accordance with its terms, EME and its Subsidiaries shall not, and EME shall use its reasonable best efforts to cause its Related Persons not to, directly or indirectly, (A) initiate, solicit or knowingly encourage, facilitate or assist any inquiries or the making of any proposal or offer that constitutes, or may reasonably be expected to lead to, an Acquisition Proposal, (B) engage in, continue or otherwise participate in any discussions or negotiations regarding any proposal or offer that constitutes, or may reasonably be expected to lead to, an Acquisition Proposal, or provide any non-public information or data to any Person relating to EME or any of its Subsidiaries, or afford to any Person access to the business, properties, assets or personnel of EME or any of its Subsidiaries, (C) except as otherwise provided in Section 4.6(d), enter into any other acquisition agreement, merger agreement or similar definitive agreement, letter of intent or agreement in principle with respect thereto or any other agreement relating

to an Acquisition Proposal (an "Alternative Acquisition Agreement"), or (D) otherwise knowingly facilitate any effort or attempt to make an Acquisition Proposal, other than, in each case, to request information from the Person making any such Acquisition Proposal for the sole purpose of EME's board of directors and Related Persons informing themselves about the Acquisition Proposal that has been made and the Person that made it or to notify any Person of EME's obligations under this Section 4.6.

(c) From and after the date of this Agreement, EME shall provide the Purchaser, as promptly as reasonably practicable, and in no event later than two (2) Business Days after receipt thereof by EME or its Related Persons, a copy of each bona fide written Acquisition Proposal. Purchaser shall, and shall cause its Related Persons to, keep such Acquisition Proposal (and the terms thereof and identity of the proponent thereof) confidential in accordance with the Confidentiality Agreement.

(d) Subject to the requirements of Section 4.6(b), prior to the time the Confirmation Order is entered, EME may terminate this Agreement pursuant to Section 7.1(c)(i) and enter into an Alternative Acquisition Agreement if EME receives one or more Acquisition Proposals that is a, or are, binding, written offer(s) capable of acceptance that EME, acting through its board of directors, concludes in good faith, after consultation with its independent financial advisors and outside legal counsel, individually or taken together, constitute(s) a Superior Proposal; provided that, in order to terminate this Agreement to enter into a definitive agreement with respect to such Acquisition Proposal(s) that, individually or in the aggregate, constitute a Superior Proposal:

(i) EME, acting through its board of directors, must determine in good faith, after consultation with its independent financial advisors and outside legal counsel, that failure to do so would reasonably be expected to be inconsistent with the fiduciary duties of the board of directors of EME under applicable Law and EME shall not have breached its obligations under this Section 4.6 in any material respect;

(ii) EME shall have provided prior written notice to Purchaser, at least five (5) Business Days in advance of such termination (such period, the "Notice Period"), advising Purchaser of the intention to terminate this Agreement pursuant to Section 7.1(c)(i) in favor of one or more of the Acquisition Proposals for which notice had been provided in accordance with Section 4.6(c);

(iii) during the Notice Period, (i) EME shall have reviewed with Purchaser any changes to the terms and conditions of this Agreement or the Transaction proposed by Purchaser (or as to other proposals made by Purchaser) and with respect to which Purchaser has proposed to give irrevocable binding effect and (ii) not make public disclosure regarding any Acquisition Proposal(s) or seek Bankruptcy Court approval thereof; and

(iv) the board of directors of EME shall have considered in good faith the changes to this Agreement and the Transaction offered by Purchaser (or other proposals made by Purchaser), and shall have concluded, after consultation with its independent financial advisor(s) and outside legal counsel that the Acquisition Proposal(s) constituting such Superior Proposal would continue to constitute a Superior Proposal even if such changes or other proposals in accordance with the immediately foregoing clause (iii) were to be given effect; provided that, if any material amendment or material revision is made to the Acquisition Proposal(s) that EME, acting through its board of directors, has determined to be a Superior Proposal, EME shall be required to deliver a new written notice to Purchaser with respect to each successive material amendment or material revision and to comply with the requirements of this Section 4.6 with respect to such new written notice, and the Notice Period shall recommence (except that, without

limiting or amending the provisions of Section 4.6(b), the Notice Period shall be reduced from five (5) Business Days to two (2) Business Days).

(e) Nothing contained in this Section 4.6 or otherwise in this Agreement shall be deemed to prohibit or restrict EME, its board of directors or any committee thereof or any of their respective Related Persons from (i) complying with its disclosure obligations under U.S. federal or state Law with regard to an Acquisition Proposal, (ii) complying with its disclosure obligations if, in the good faith judgment of the board of directors of EME, after consultation with outside legal counsel, failure to disclose would reasonably be expected to be inconsistent with its obligations under applicable Law, (iii) complying with its duties (including duties of candor and other fiduciary duties) to the Bankruptcy Court and to its stakeholders, (iv) waiving any "standstill" or "non-collusion" provision or other provision of any confidentiality agreement to which EME or any of its Subsidiaries is party to the extent that EME determines such waiver would assist in the making of an Acquisition Proposal, or (v) taking any other action otherwise prohibited or restricted by this Section 4.6 with any Person with respect to any of the Non-Core Assets, assets being sold as part of the Permitted Asset Disposals or the Excluded Assets or any assets that EME or any Subsidiary is required to sell, transfer or convey as a result of any Order of a Governmental Authority in connection with the Chevron Litigation.

4.7 HSR; Antitrust Laws; Governmental Approvals; Actions In Connection with Receipt of Certain Governmental Approvals .

(a) Each Party hereto agrees to use reasonable best efforts to prepare and file, as promptly as reasonably practicable (and in any event within ten (10) Business Days after the date hereof; provided that if the applicable Governmental Authorities are not open on such date, the filings shall be made on the first Business Day such Governmental Authorities are open for business to accept such filings thereafter), all filings (or portion thereof that such Party is responsible for) necessary or desirable to obtain the Governmental Approvals (including filing of a Notification and Report Form pursuant to the HSR Act and making other required filings pursuant to other Antitrust Laws and the filings and applications required by FERC as described on Schedule 5.2(b) (the "FERC Filings")) and the Purchaser Parties shall bear the cost of all such filing fees. Each Party shall supply as promptly as reasonably practicable any additional information and documentary material that may be requested pursuant to or in connection with the HSR Act, the FERC Filings or otherwise in connection with the Governmental Approvals and shall use reasonable best efforts to take and diligently pursue such actions as may be required by Governmental Authorities as a condition to securing the Governmental Approvals as soon as reasonably practicable. Without limiting the generality of the foregoing, each of EME and Purchaser shall hold separate or divest all such assets of EME or Purchaser, as applicable, and shall take such other actions as may be necessary to obtain the agreement or consent of any Governmental Authority to the Transactions, in each case, on such terms as may be required by such Government Entity, subject to Section 4.7(e) of this Agreement. The Parties shall work together in good faith to cause the EMRA Approval to be granted prior to Closing, but in the event that the EMRA Approval is not obtained prior to the Closing Date, such interests requiring approval for transfer shall not be transferred at Closing but shall be transferred as soon as practicable upon receipt of the EMRA Approval.

(b) Subject to all applicable confidentiality requirements and all applicable Laws, the Parties shall, in connection with the efforts referenced in this Section 4.7 to obtain all requisite approvals and authorizations for the transactions contemplated by this Agreement, use its reasonable best efforts to (i) cooperate in all respects with each other in connection with any filing or submission and in connection with any investigation or other inquiry, including any Legal Proceeding initiated by a private party; (ii) keep the other Parties reasonably informed of any communication received by such Party from, or given by such Party to any applicable U.S. or foreign Governmental Authority (in each case to the extent permitted by such Governmental Authority), and of any communication received or given in connection

with any Legal Proceeding by a private party, in each case regarding any of the transactions contemplated hereby and thereby; (iii) permit the other Parties a reasonable opportunity to review (except with regard to personal-identifying information) any communication before providing it to a Governmental Authority; and (iv) consult with each other in advance of any meeting or conference with, any such Governmental Authority or, in connection with any Legal Proceeding with any other Person, and to the extent permitted by such applicable Governmental Authority or other Person, give the other Parties the opportunity to have a representative attend and participate in such meetings and conferences; provided, however, that a Party hereto may request entry into a joint defense agreement as a condition to providing any such materials and that, upon receipt of that request, the Parties shall work in good faith to enter into a joint defense agreement to create and preserve attorney client privilege in a form and substance mutually acceptable to the Parties as promptly as practicable.

(c) If any objections are asserted, concerns are raised, or any suit is instituted (including by a private party) with respect to the transactions contemplated hereby in connection with the approvals referenced in Section 4.7(a), each Party shall use reasonable best efforts to resolve such objections, concerns or challenges as such Governmental Authority or private party may have to such transactions, including to vacate, lift, reverse or overturn any Order, whether temporary, preliminary or permanent, so as to permit consummation of the transactions contemplated by this Agreement as promptly as practicable and shall otherwise use reasonable best efforts to obtain the Governmental Approvals.

(d) Each Purchaser Party further agrees that, prior to the Closing Date, it and its Affiliates will not enter into any other contract or agreement to acquire or market or control the output of, nor acquire or market or control the output of, electric generation facilities or uncommitted generation capacity, if the proposed acquisition or the ability to market or control output of such additional electric generation facilities or uncommitted generation capacity could reasonably be expected to increase the market power attributable to such Purchaser Party and its Affiliates in a manner materially adverse to approval of the Transaction or which would otherwise prevent or materially interfere with or materially delay the consummation of the Transaction.

(e) Notwithstanding anything to the contrary contained in this Section 4.7, neither EME nor either Purchaser Party shall be required to sell or hold separate and neither EME nor either Purchaser Party shall (without the consent of the other) sell or hold separate any of its businesses, products and assets to the extent such results in an EME Material Adverse Effect or a material adverse effect on the Parent and its Subsidiaries, taken as a whole.

(f) In the event that this Agreement is terminated in accordance with Article 7, the Parties shall use reasonable best efforts to withdraw promptly all pending filings with respect to the Governmental Approvals.

4.8 Pre-Closing Reorganizations. Prior to the Closing Date and upon no less than ten (10) Business Days' notice to Purchaser regarding the same, EME, any of its Subsidiaries and any of their respective Affiliates may, and may permit any Subsidiary to, make such other organizational and structural changes and enter into such transactions with any other Subsidiary or Affiliate of EME, in each case, as may be reasonably required or desirable to consummate or expedite the transactions contemplated by this Agreement, a Tax Attributes Agreement, if any, or the Plan, or to satisfy the requirements of applicable Law, including conversion or merger of corporations to or with limited liability companies or limited partnerships, transferring assets of the Subsidiaries to newly-formed entities, making particular Tax elections, and/or incorporating new entities and making contributions in exchange for share capital thereof (the "Pre-Closing Reorganizations"); provided that EME and its Subsidiaries (i) shall use reasonable best efforts to minimize Taxes and other Liabilities to the extent payable as a result of any Pre-

Closing Reorganizations and (ii) may not implement the Pre-Closing Reorganizations without the prior written consent of Purchaser to the extent that such Pre-Closing Reorganizations will result in Taxes or other Liabilities in excess of $500,000 for which EME is not responsible. Except as provided in Section 9.5(c), EME shall bear all Taxes and other costs related to the Pre-Closing Reorganizations.

4.9 Casualty Loss. Except as otherwise provided in this Section 4.9, from the date of this Agreement through the Closing, all risk of loss or damage to the property of EME and the Acquired Companies shall be borne as provided in this Section 4.9. If during the period from the date of this Agreement through the Closing, any property or asset of EME or any of the Acquired Companies suffers any damage, destruction, or unavailability or unsuitability for the intended purpose by fire, weather conditions, or other casualty (each such event, an " Event of Loss"), or are taken by a Governmental Authority by exercise of the power of eminent domain (each, a " Taking"), then the following provisions of this Section 4.9 shall apply:

(a) If the sum of all Restoration Costs and Condemnation Value, in the aggregate, is less than or equal to ten percent (10%) of the Stipulated Transaction Value, the Event of Loss or Taking shall have no effect on the transactions contemplated hereby (e.g., there shall be no adjustment to the Base Purchase Price or delay in the Closing).

(b) Without limiting any applicable termination rights of the Parties hereunder, upon the occurrence of any one or more Events of Loss and/or Takings involving aggregate Restoration Costs and Condemnation Value in excess of ten percent (10%) of the Stipulated Transaction Value (a "Major Loss"), EME shall, as soon as is practicable, provide written notice of such Major Loss. Purchaser shall have, in the case of a Major Loss relating to one or more Events of Loss, the option, exercised by notice to EME, to direct EME to restore, repair or replace, or to direct EME to cause the applicable Acquired Company to restore, repair or replace, the damaged property or assets prior to Closing to a condition reasonably comparable to their prior condition or to exercise its rights under Section 4.9(c). If Purchaser elects to have such property or assets so restored, repaired or replaced, which election shall be made by notice to EME prior to the Closing Date and as soon as practicable following receipt of notice of the Major Loss, EME will complete or cause to be completed the repair, replacement or restoration of the damaged property or assets prior to the Closing and the Closing Date shall be postponed for the amount of time reasonably necessary to complete the restoration, repair or replacement of such property or assets as reasonably agreed among Purchaser and EME (including, if necessary, the extension of the Termination Date for a period not to exceed sixty (60) days to allow for the restoration, repair or replacement of such property or assets); provided that EME shall have no responsibility to cause such repair, replacement or restoration unless the costs thereof are covered by insurance or Purchaser. If Purchaser elects not to cause the restoration, repair or replacement of the property or assets affected by a Major Loss, or such Major Loss is the result in whole or in part of one or more Takings or is otherwise not capable of being restored, repaired or replaced, the provisions of Section 4.9(c) will apply.

(c) In the event that Purchaser provides written notice to EME that it has elected not to request the restoration, repair or replacement of a Major Loss, or in the event that EME fails to complete the restoration, repair or replacement within the period of time agreed upon by the Parties pursuant to Section 4.9(b), or in the event that a Major Loss is the result in whole or in part of one or more Takings or is otherwise not capable of being restored, repaired or replaced, then, if the Closing occurs, the Adjusted Base Purchase Price shall be adjusted in accordance with Section 1.2 to provide Purchaser the benefit of any Excess Loss Amount.

4.10 Registration and Listing of Parent Common Stock .

(a) As promptly as reasonably practicable (but in any event not later than the fifth (5th) Business Day) following the date of this Agreement, Parent shall prepare and file with the SEC a registration statement on Form S-1 to be filed with the SEC by Parent in connection with the offering and issuance of Parent Common Stock at the Closing and the distribution of the Parent Common Stock (including the prospectus used in connection therewith and any amendments or supplements to such registration statement and such prospectus, the " Form S-1"). None of the information provided by Parent or its Subsidiaries (other than, for the avoidance of doubt, the portion thereof based on information supplied by EME for inclusion or incorporation by reference therein, with respect to which no representation is made by Parent or any of its Subsidiaries) for inclusion or incorporation by reference in the Form S-1 will, at the time the Form S-1 becomes effective under the Securities Act, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading. The Form S-1 (other than the portion thereof based on information supplied by EME for inclusion or incorporation by reference therein, with respect to which no representation is made by Parent or any of its Subsidiaries) will comply as to form in all material respects with the requirements of the Securities Act and the rules and regulations promulgated thereunder. Parent shall use reasonable best efforts to cause the SEC to declare the Form S-1 effective under the Securities Act as promptly as reasonably practicable after such filing (and in any event not later than the Plan Effective Date) and shall take such actions as necessary (including by the filing of such amendments or supplements thereto) to keep the Form S-1 effective and compliant with the Securities Act with respect to the disposition of all Parent Common Stock covered by the Form S-1 until at least the thirtieth (30th) day after the Plan Effective Date and shall take such other actions as is necessary to ensure that the Parent Common Stock will be, when issued and for such thirty (30) day period, unrestricted and freely transferable. Parent shall also take any action required to be taken under any applicable state securities Laws in connection with the issuance and reservation of shares of Parent Common Stock at the Closing.

(b) No filing of, or amendment or supplement to, the Form S-1 and no responses to any oral or written request by the SEC with respect to the Form S-1, will be made by Parent, without providing EME (and its Related Persons) a reasonable opportunity to review and comment thereon (and Parent shall consider all such comments in good faith). Parent will advise EME promptly after it receives oral or written notice of the time when the Form S-1 has become effective or any supplement or amendment has been filed, the issuance of any stop order, the suspension of the qualification of the Parent Common Stock issuable in connection with the Transactions for offering or sale in any jurisdiction, or any oral or written request by the SEC with respect to the Form S-1 or comments thereon or requests by the SEC for additional information, and will promptly provide EME with copies of any written communication from the SEC or any state securities commission and will use reasonable best efforts to promptly respond to any such request or comments by the SEC (subject to this Section 4.10(b)). If at any time prior to the Effective Time any information relating to Parent or EME, or any of their respective Affiliates, officers or directors, is discovered by Purchaser, Parent or EME which should be set forth in an amendment or supplement to any of the Form S-1, so that any of such documents would not include any misstatement of a material fact or omit to state any material fact necessary to make the statements

therein, in light of the circumstances under which they were made, not misleading, the party which discovers such information shall promptly notify the other parties hereto and an appropriate amendment or supplement describing such information shall be promptly filed with the SEC.

(c) Parent shall, at all times from and after the date hereof, reserve out of its authorized, but unissued, shares of capital stock a sufficient number of shares of Parent Common Stock for the issuance of the Stock Purchase Price at the Closing. Parent shall cause all shares of Parent Common Stock when issued to be (i) duly authorized, validly issued, fully paid and non-assessable, (ii)

issued free and clear of all Liens and preemptive rights, and (iii) unrestricted and freely transferable, and shall take any actions necessary so that no rights under any rights plan or state takeover Law or similar arrangement or Law shall be triggered by the issuance or distribution of the Parent Common Stock hereunder and in accordance with the Plan.

(d) Parent shall cause the Parent Common Stock being issued as the Stock Purchase Price to be approved for listing on the New York Stock Exchange, subject to official notice of issuance, on the Plan Effective Date.

4.11 Retained Chapter 5 Causes of Action.

(a) Not later than the date on which a motion seeking approval of the Disclosure Statement is filed with the Bankruptcy Court, EME shall assemble and deliver to Purchaser a comprehensive list of all Persons which EME intends to include in the Plan Supplement as provided in Section 1.5(k).

(b) Purchaser shall notify EME no less than fifteen (15) Business Days prior to the deadline for entities entitled to vote on the Plan to submit votes to accept or reject the Plan if Purchaser does not consent to the inclusion of any Person that would otherwise be identified in the Plan Supplement as provided in Section 1.5(k).

4.12 Updates on Available Cash. From time to time after the date hereof, after the reasonable request of the Purchaser, EME shall provide Purchaser with an update on the amount of Cash as of a recent date that is unrestricted cash or cash equivalents of EME and its Wholly-Owned Subsidiaries that is not subject to restrictions on dividend or distribution (whether under Law, Contract or otherwise). To the extent permitted by Law, the Plan, the Confirmation Order and the terms of Contracts to which EME and its Wholly-Owned Subsidiaries, nothing herein shall limit Purchaser's right to use, from and after the Closing, such unrestricted cash to the extent included in Closing Cash; provided that nothing herein shall be construed to require that there be a minimum amount of such unrestricted cash included in Closing Cash or to otherwise limit the Purchaser Parties' representations, warranties, covenants or agreements hereunder.

ARTICLE 5
REPRESENTATIONS AND WARRANTIES OF EME

EME hereby represents and warrants to Purchaser that, as of the date of this Agreement and except in all cases as Deemed Disclosed or as set forth in the Schedules:

5.1 Organization and Corporate Power. EME is a corporation duly incorporated, validly existing and in good standing under the Laws of the State of Delaware. EME is qualified to do business in each jurisdiction in which the failure to so qualify would have an EME Material Adverse Effect. Subject to any necessary authority from the Bankruptcy Court, EME has all requisite corporate power and authority necessary to own and operate its properties and to carry on its business as now conducted, and, subject to the Bankruptcy Court's entry of the PSA Order and the Confirmation Order and the receipt of the Governmental Approvals set forth in Schedule 5.2(b), to enter into this Agreement and consummate the transactions contemplated hereby.

5.2 Authorization; No Breach.

(a) This Agreement has been duly executed and delivered by EME and, subject to the Bankruptcy Court's entry of the PSA Order and the Confirmation Order, constitutes a valid and binding obligation of EME, enforceable in accordance with its terms, except as limited by the application of the Remedies Exceptions. Subject to the Bankruptcy Court's entry of the PSA Order and the Confirmation Order, each Ancillary Agreement to which EME or any Subsidiary is a party, when executed and delivered by EME or such Subsidiary, shall have been duly executed and delivered by EME or such Subsidiary, and shall constitute a valid and binding obligation of EME or such Subsidiary, enforceable in accordance with its terms, except as limited by the application of the Remedies Exceptions.

(b) Assuming receipt of the Governmental Approvals set forth on Schedule 5.2(b) and the Bankruptcy Court's entry of the PSA Order and the Confirmation Order, EME's execution, delivery and performance of this Agreement and EME's and the other Subsidiary's execution, delivery and performance of each Ancillary Agreement to which EME and/or any other Subsidiary is a party, and the consummation of the transactions contemplated hereby and thereby, will not, except as set forth on Schedule 5.2(b):

(i) violate or conflict with any provision of the certificate of organization or incorporation, as applicable, or the bylaws or operating agreements (or equivalent organizational documents) (collectively, the "Organizational Documents") of EME and/or any Subsidiary;

(ii) violate, result in any material breach of, or constitute (with or without due notice or lapse of time or both) a default under any material power purchase agreement, material long-term fuel supply agreement, material transportation agreement, material turbine and major equipment service agreement, or project finance credit agreement to which EME and/or Subsidiary is a party;

(iii) violate, result in any material breach of, or constitute (with or without due notice or lapse of time or both) a default under any other Contract to which EME and/or any Subsidiary is a party, other than any violation, breach or default as would not reasonably be expected to have an EME Material Adverse Effect; or

(iv) violate any Law or Order applicable to EME and/or any Subsidiary;

except in each case as would be cured, remedied or discharged without any Liability to Purchaser or the Wholly-Owned Companies and the Partially Owned Companies that are Subsidiaries (except as contemplated by the terms of this Agreement), pursuant to the Plan, the PSA Order or the Confirmation Order, and subject to the assumption and rejection process set forth in Section 4.5 with regard to Available Contracts.

5.3 Board Approvals. The board of directors of EME, by resolutions duly adopted at a meeting duly called and held, has approved the transactions contemplated by this Agreement and by the Ancillary Agreements, including the Transaction, and has declared the advisability of the Transaction and approved this Agreement and the Ancillary Agreements. Subject to the Bankruptcy Court's entry of the PSA Order and the Confirmation Order, no approval of the shareholder of EME nor any other corporate approvals are required for EME, and no other corporate proceedings on the part of EME are necessary, to authorize, execute or deliver this Agreement or the Ancillary Agreements or consummate the transactions contemplated hereby or thereby.

5.4 Representations and Warranties Regarding the Acquired Companies .

(a) Organization; Good Standing; Qualification . Except as set forth on Schedule 5.4(a), each of the Acquired Companies is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization or incorporation. Each of the Acquired Companies is qualified to do business in each jurisdiction in which the failure to so qualify would have an EME Material Adverse Effect. Subject to any necessary authority from the Bankruptcy Court, each of the Wholly-Owned Companies and the Partially-Owned Companies that are Subsidiaries, and, to the Knowledge of EME, the other Partially-Owned Companies that are not Subsidiaries of EME has all requisite corporate power and authority necessary to own and operate its properties and to carry on its business as now conducted.

(b) Capitalization. The Wholly-Owned Equity Interests and the Partially-Owned Equity Interests of Subsidiaries of EME have been, and to the Knowledge of EME, the other Partially-Owned Equity Interests of Persons that are not Subsidiaries of EME have been, validly issued and are fully paid and non-assessable. All of the Wholly-Owned Equity Interests and the Partially-Owned Equity Interests of Subsidiaries of EME have been, and to the Knowledge of EME, the other Partially-Owned Equity Interests of Persons that are not Subsidiaries of EME have been, duly authorized and were not issued in violation of any preemptive rights. Except as set forth on Schedule 5.4(b) (to the extent applicable), there are no outstanding or authorized options, warrants, purchase rights, subscription rights, conversion rights, exchange rights, preemptive rights or similar rights with respect to the Wholly-Owned Equity Interests or the Partially-Owned Equity Interests of Subsidiaries of EME or, to the Knowledge of EME, the other Partially-Owned Equity Interests of Persons that are not Subsidiaries of EME.

(c) Authorization, etc. Subject to the Bankruptcy Court's entry of the PSA Order and the Confirmation Order, each Ancillary Agreement to which a Partially-Owned Company that is not a Subsidiary of EME is a party, when executed and delivered by such Partially-Owned Company, shall, to the Knowledge of EME, have been duly executed and delivered by such Partially-Owned Company and shall constitute a valid and binding obligation of such Partially-Owned Company, enforceable in accordance with its terms, except as limited by the application of the Remedies Exceptions.

(d) No Conflicts. Assuming receipt of the Governmental Approvals set forth on Schedule 5.2(b) and the Bankruptcy Court's entry of the PSA Order and the Confirmation Order, the execution, delivery and performance of this Agreement by any Partially-Owned Company that is not a Subsidiary of EME and such Partially-Owned Company's execution, delivery and performance of each Ancillary Agreement to which it is a party, and the consummation of the transactions contemplated hereby and thereby, will not, to the Knowledge of EME and except as set forth on Schedule 5.4(d):

(i) violate or conflict with any provision of the Organizational Documents of such Partially-Owned Company;

(i) violate, result in any material breach of, or constitute (with or without due notice or lapse of time or both) a default under any material power purchase agreement, material long-term fuel supply agreement, material transportation agreement, material turbine and major equipment service agreement or project finance credit agreement to which such Partially-Owned Company is a party;

(ii) violate, result in any material breach of, or constitute (with or without due notice or lapse of time or both) a default under any other Contract to which such Partially-Owned Company is a party, other than any violation, breach or default as would not reasonably be expected to have an EME Material Adverse Effect; or

(iii) violate any Law or Order applicable to any Partially-Owned Company;

except in each case as would be cured, remedied or discharged without any Liability to Purchaser or the Partially Owned Companies that are not Subsidiaries of EME (except as contemplated by the terms of this Agreement), pursuant to the Plan, the PSA Order or the Confirmation Order, and subject to the assumption and rejection process set forth in Section 4.5 with regard to Available Contracts.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF PURCHASER PARTIES

As an inducement to EME to enter into this Agreement, the Purchaser Parties hereby represents and warrants that as of the date of this Agreement and, except as previously disclosed to EME in writing:

6.1 Organization and Corporate Power. Each of Purchaser and Parent is a corporation, validly existing and in good standing under the Laws of Delaware and is qualified to do business in each jurisdiction in which the failure to so qualify would have a material adverse effect on Purchaser and its Subsidiaries, taken as a whole. Each of Purchaser and Parent has all requisite corporate or other organizational power and authority necessary to own, lease and operate its properties and assets and to carry on its business as now conducted and to enter into this Agreement and consummate the transactions contemplated hereby.

6.2 Authorization; No Breach.

(a) This Agreement has been duly executed and delivered by the Purchaser Parties and constitutes a valid and binding obligation of the Purchaser Parties, enforceable in accordance with its terms, except as limited by the application of the Remedies Exceptions. Each Ancillary Agreement to which any Purchaser Party is a party, when executed and delivered by such Purchaser Party, shall constitute a valid and binding obligation of Purchaser, enforceable in accordance with its terms, except as limited by the application of the Remedies Exceptions.

(b) Assuming receipt of the Governmental Approvals set forth on Schedule 6.2(b), Purchaser Parties' execution, delivery and performance of this Agreement and the Ancillary Agreements to which such Purchaser Party is a party, and the consummation of the transactions contemplated hereby and thereby, will not: (i) violate or conflict with any provision of the Organizational Documents of Purchaser or Parent, (ii) violate, result in any material breach of, constitute (with or without due notice or lapse of time or both) a default under any material Contract to which a Purchaser Party is a party, by which it is bound or to which any of its properties or assets is subject, other than any violation, breach or default as would not reasonably be expected to have a material adverse effect on Purchaser and its Subsidiaries, taken as a whole; or (iii) violate any Law or any Order applicable to such Purchaser Party.

6.3 Board and Shareholder Approvals. The board of directors of Parent and Purchaser, by resolutions duly adopted, has approved the transactions contemplated by this Agreement and by the Ancillary Agreements, including the Transaction, has unanimously declared the advisability of the Transaction and approved this Agreement and the Ancillary Agreements. No approval of the shareholders of the Parent nor any other corporate approvals are required for the Purchaser Parties, and no other corporate proceedings on the part of the Purchaser Parties are necessary, to authorize, execute or deliver this Agreement or the Ancillary Agreements or consummate the transactions contemplated hereby or thereby.

6.4 Certain Arrangements. As of the date hereof, other than the Plan Sponsor Agreement, the Restructuring Support Agreement dated October 2, 2013 and the associated term sheets (which is being superseded and terminated in its entirety by the Plan Sponsor Agreement), any non-disclosure agreements

with the parties to the Plan Sponsor Agreement (which are being superseded and terminated in their entirety by the Plan Sponsor Agreement), and Parent's arrangements with Barclay's and Deutsche Bank in connection with this Transaction, there are no Contracts, undertakings, commitments, agreements or obligations, whether written or oral, between a Purchaser Party or any of its Affiliates or any of its or their Related Persons, on the one hand, and any member of the management of EME or any of the Acquired Companies or the board or directors of EME, any holder of equity or debt securities of EME or the Acquired Companies, or any lender or creditor of EME or the Acquired Companies, on the other hand, (a) relating in any way to the acquisition of the Target Holdings or the transactions contemplated by this Agreement or (b) that would be reasonably likely to prevent, restrict, impede or affect adversely the ability of EME to entertain, negotiate or participate in any Acquisition Proposal.

6.5 Financing; Availability of Funds. On the date hereof, Parent, on a consolidated basis, has, and at all times after the date hereof will have (and will cause Purchaser to have at Closing) sufficient cash on hand and available undrawn commitments under the credit facilities to which Parent is party listed on Schedule 6.5 (the "Available Credit Facilities") in order to consummate the transactions contemplated by this Agreement and to perform its obligations hereunder (including the payment of all amounts hereunder when required) and no such undrawn commitments under the Available Credit Facilities are scheduled to terminate before the Termination Date. True and correct copies of the Available Credit Facilities have been made available to EME. Drawdowns under the Available Credit Facilities are not subject to any conditions other than as set forth in the Available Credit Facilities and, as of the date hereof, Parent reasonably believes that all conditions to drawdown under the Available Credit Facilities, to the extent within Parent's or its Affiliates' control, will be satisfied when required in order to allow the Purchaser Parties to satisfy their obligations when required hereunder. Immediately after giving effect to the transactions contemplated hereby, each of the Purchaser Parties will be able to pay its and, cause the Acquired Companies' to pay their, debts as they become due and the fair saleable value of the assets of the Purchaser Parties and the Acquired Companies, taken as a whole, will exceed the liabilities (including contingent liabilities) of the Purchaser Parties and the Acquired Companies, taken as a whole. Immediately after giving effect to the transactions contemplated hereby, each of the Purchaser Parties will have adequate capital to carry on its businesses.

6.6 Investment Experience; Information. Purchaser is an "accredited investor" within the meaning of the Securities Act and acknowledges that it can bear the economic risk of its investment in the Purchased Interests, and has such knowledge and experience in financial or business matters that it is capable of evaluating the merits and risks of the investment in the Target Assets and the Acquired Companies on the terms contemplated hereby.

6.7 Adequate Assurance of Future Performance. Purchaser has provided and/or Parent will cause Purchaser to be able to provide, at or prior to the Closing Date, adequate assurance of its future performance under each Assumed Contract to the parties thereto (other than EME or its Affiliates, as applicable) in satisfaction of Section 365(f)(2)(B) of the Bankruptcy Code.

6.8 Status of Purchaser. 100% of the issued and outstanding capital stock of Purchaser is (and at Closing will be) owned by NRG Acquisition Holdings Inc., a Delaware corporation and 100% of the issued and outstanding capital stock of NRG Acquisition Holdings Inc. is (and at Closing will be) owned by Parent. Parent is not in control of Purchaser for purposes of Section 368 of the Code.

ARTICLE 7
TERMINATION

7.1 Termination. Notwithstanding anything to the contrary contained herein, except for a termination pursuant to Section 7.1(a)(i), this Agreement may be terminated only by written notice to the

other Parties when permitted in this Article 7. As part of any such termination notice, the terminating Party shall specify the provision pursuant to which the Agreement is being terminated.

(a) Mutual Termination Right. This Agreement may be terminated at any time prior to Closing as follows:

(i) by mutual written consent of each of EME, on the one hand, and the Purchaser Parties, on the other hand;

(ii) by the Purchaser Parties or EME:

(1) on or after April 1, 2014, unless prior to such termination, the Confirmation Order has been entered by the Bankruptcy Court;

(2) on or after the first (1st) Business Day following the date on which the Bankruptcy Court enters an order denying the confirmation of the Plan;

(3) on or after the first (1st) Business Day following the Termination Date;

(4) if any Governmental Authority shall (x) enter a Final Order denying, or otherwise deny in any final and non-appealable manner, any Governmental Approval or (y) enter a Final Order enjoining or declaring illegal the consummation of the transactions contemplated hereby;

(5) on any date after the Bankruptcy Court, upon motion thereof in accordance with Section 9.4(b) hereof, (i) makes a determination that the Cure Amounts under the PoJo Leases and Documents is greater than the Agreed PoJo Cure Amount, (ii) fails to approve the modifications to the PoJo Leases and Documents set forth in Section 9.4(b) or alternative terms agreed to in writing by the Parties, or (iii) fails to grant any other relief necessary to effectuate the terms and conditions with respect to the PoJo Leases and Documents contemplated hereby or alternative terms and conditions agreed to in writing by the Parties;

(6) upon termination of the Plan Support Agreement pursuant to Section 21 thereof; or

(7) on any date after one of the conditions precedent to either Party's obligations under Article 3 shall have become impossible of fulfillment unless, prior to such termination the Party or Parties entitled to waive the applicable condition precedent has or have, as applicable, irrevocably waived such condition in writing.

Notwithstanding the foregoing, no right of termination shall be available to any Party pursuant to Section 7.1(a)(ii) if the right to terminate arises from such Party's material breach of this Agreement.

(b) Termination by the Purchaser Parties. This Agreement may be terminated by the Purchaser Parties prior to Closing as follows:

(i) after the date hereof, unless prior to such termination, EME has filed a motion seeking entry of the PSA Order and seeking an expedited hearing on such motion to occur on or before October 25, 2013;

(ii) on or after November 8, 2013, unless prior to such termination, the PSA Order has been entered by the Bankruptcy Court;

(iii) on or after November 16, 2013, unless prior to such termination, EME has filed the Plan, the Disclosure Statement and a motion seeking entry of the Confirmation Order and the Disclosure Statement Order;

(iv) on or after December 20, 2013, unless prior to such termination, the Bankruptcy Court has entered the Disclosure Statement Order;

(v) after such date as the Bankruptcy Court approves a plan of reorganization for EME and the Debtor Subsidiaries that does not provide for approval of the Transaction;

(vi) after such date as EME or any Subsidiary has entered into one or more definitive agreements or sought Bankruptcy Court approval to sell, convey or otherwise transfer any asset(s) for consideration in excess of $25,000,000 individually or $50,000,000 in the aggregate outside of the ordinary course of business and other than as part of a Permitted Asset Disposal or the sale of an Excluded Asset or Non-Core Asset or the sale, transfer or conveyance of any assets by EME or any Subsidiary as a result of any Order of a Governmental Authority in connection with the Chevron Litigation;

(vii) after such date as the Bankruptcy Court has entered an Order authorizing the rejection of the PoJo Leases and Documents; and

(viii) if there has been one or more violations or breaches by EME of any covenant or agreement of EME contained in this Agreement and (a) such violation or breach has not been waived by the Purchaser Parties and (b) such violation or breach is not capable of being cured (and the Parties acknowledge and agree that failure to consummate the Transaction when required shall not be deemed not capable of being cured) or, if capable of being cured, shall not have been cured prior to the earlier of (x) the Termination Date and (y) 20 Business Days after written notice of such violation or breach from Purchaser to EME; provided that the right of termination pursuant to this Section 7.1(b)(ix) shall not be available to the Purchaser Parties (x) unless the Purchaser Parties have delivered written notice to EME of such breach or violation within 15 calendar days of the later of (A) its alleged occurrence or (B) the date on which the Purchaser Parties become aware thereof (and, in which case, the alleged breach or violation shall be deemed waived) or (y) at any time that the Purchaser Parties have violated or is in breach of any covenant or agreement hereunder if such breach has prevented satisfaction of any of EME's conditions to Closing hereunder and has not been waived by EME or, if capable of being cured, has not been cured by the Purchaser Parties.

Notwithstanding the foregoing, no right of termination shall be available to Purchaser pursuant to clauses (ii), (iii) or (iv) of this Section 7.1(b) if the right to terminate arises from Purchaser's material breach of this Agreement.

(c) Termination by EME. This Agreement may be terminated by EME at any time before Closing:

(i) at any time prior to entry of the Confirmation Order, if EME, acting through its board of directors, determines that there is a Superior Proposal (as long as EME is not then in breach of its obligations under Section 4.6); or

(ii) if there has been one or more violations or breaches by the Purchaser Parties of any covenant or agreement of the Purchaser Parties contained in this Agreement and (a) such violation or breach has not been waived by EME and (b) such violation or breach is not capable of being cured (and the Parties acknowledge and agree that failure to consummate the Transaction when required shall not be deemed not capable of being cured) or, if capable of being cured, shall not have been cured prior to the earlier of (x) the Termination Date and (y) 20 Business Days after written notice of such violation or breach from EME to the Purchaser Parties; provided that the right of termination pursuant to this Section 7.1(c)(ii) shall not be available to EME (x) unless it has delivered written notice to the Purchaser Parties of such breach or violation within 15 calendar days of the later of its alleged occurrence or the date EME becomes aware thereof (and, in which case, the alleged breach or violation shall be deemed waived) or (y) at any time that EME has violated or is in breach of any covenant or agreement hereunder if such breach has prevented satisfaction of any of Purchaser's conditions to Closing hereunder and has not been waived by the Purchaser Parties or, if capable of cure, has not been cured by EME.

7.2 Effect of Termination.

(a) Effect of Termination. If this Agreement is validly terminated pursuant to Section 7.1, then this Agreement shall be null and void and have no further legal effect (except for this Section 7.2, Section 4.7(f), Section 9.3, Section 9.8, Section 9.17 and Article 10 (each, a "Surviving Provision"), each of which shall survive termination), and none of Purchaser, Parent, EME, or any of their respective Related Persons shall have any liability or obligation arising under or in connection with this Agreement; provided that no such termination shall affect or limit any rights or remedies of (i) the Purchaser Parties against EME for the Break-Up and Expense Reimbursement as and when provided in Section 7.2(b), (ii) EME against the Purchaser Parties for Losses suffered from any breach by the Purchaser Parties arising prior to such termination or (iii) the Purchaser Parties or EME for breach of a Surviving Provision after termination. Notwithstanding anything to the contrary contained herein, if the Bankruptcy Court denies EME's motion for entry of the PSA Order, this Agreement shall automatically terminate and be of no further force or effect without liability to any Party hereto.

(b) Break-Up Fee; Expense Reimbursement. If, and only if, this Agreement is terminated by the Purchaser Parties pursuant to Section 7.1(a)(ii)(6), Section 7.1(b)(v), Section 7.1(b)(vi), or Section 7.1(b)(viii) or EME pursuant to Section 7.1(a)(ii)(1), Section 7.1(a)(ii)(6) or Section 7.1(c)(i) then EME shall pay to Purchaser, as and when required by this Section 7.2(b), by wire transfer of immediately available funds, a cash fee equal to the sum of (x) $65,000,000 (the "Break-Up Fee"), plus (y) an amount equal to Purchaser's reasonable, documented out-of-pocket expenses (other than fees to the extent triggered, in whole or in part, as a result of payment of the Break-Up Fee) incurred prior to the termination of this Agreement (the " Expense Reimbursement"), with such Break-Up Fee and Expense Reimbursement to be paid upon the closing of a transaction (including an alternative plan of reorganization) involving a material portion of the assets of EME and the Acquired Companies and such Break-Up Fee and Expense Reimbursement shall constitute an administrative expense of EME in the Chapter 11 Cases. EME acknowledges that the Break-Up Fee and Expense Reimbursement are in consideration of the real and substantial benefits conferred by Purchaser upon the bankruptcy estates of

EME and the Debtor Subsidiaries by providing a minimum floor upon which EME and its Debtor Subsidiaries and their creditors were able to rely, and in consideration of the time, expense and risks associated with serving as such a purchaser, including legal fees and expenses and other expenses related to the negotiation and preparation of this Agreement and of all related transactional documentation. EME and the Purchaser Parties agree and stipulate that the Purchaser Parties have provided a mutual benefit to the estates of EME and the Debtor Subsidiaries by increasing the likelihood that the best possible price for the Target Holdings shall be received and that the Break-Up Fee and Expense Reimbursement are reasonable and appropriate in light of the size and nature of the proposed sale transactions and comparable transactions, the commitments that have been made and the efforts that have and shall be expended by the Purchaser Parties and were necessary to induce the Purchaser Parties to pursue the transactions contemplated hereby under the terms of this Agreement. The Parties acknowledge and agree that the Break-Up Fee and Expense Reimbursement constitute liquidated damages and not a penalty and are the sole and exclusive remedy of the Purchaser Parties and their Affiliates for monetary damages against EME or any Related Person under this Agreement or otherwise related to the Transaction. Without limiting its rights against EME under Section 10.17 of this Agreement, the Purchaser Parties shall not, and shall cause each of its Affiliates not to, bring any claim, right or cause of action for monetary damages against or seek any other remedy from, EME or any of its Related Persons (other than for payment of the Break-Up Fee and Expense Reimbursement when payable hereunder), whether at equity or in Law, for breach of contract, in tort or otherwise, in connection with the transactions contemplated hereby, and any claim, right or cause of action for monetary damages (other than for payment Break-Up Fee and Expense Reimbursement when due and payable hereunder) by the Purchaser Parties or any other Person against EME or any of its Related Persons is expressly waived and disclaimed by EME.

(c) Acknowledgments. Each of the Parties acknowledge that the covenants and agreements in this Section 7.2 are an integral part of the transactions contemplated hereby and without such covenants and agreements, neither Party would have entered into this Agreement.

ARTICLE 8
BANKRUPTCY PROCEDURES

8.1 Bankruptcy Actions.

(a) EME shall use reasonable best efforts to obtain entry by the Bankruptcy Court of (i) an Order approving entry by EME into the Plan Sponsor Agreement and this Agreement providing that: (1) EME's obligations under this Agreement and the Ancillary Agreements in respect of the Break-Up Fee and Expense Reimbursement shall survive confirmation of any chapter 11 plan in the Chapter 11 Cases; and (2) EME shall not be permitted to amend, modify, reject or otherwise terminate its obligations in respect of the Break-Up Fee and Expense Reimbursement under this Agreement (such Order, the "PSA Order") on an expedited basis and (ii) if the PSA Order has been entered, an Order, acceptable to Parent in its reasonable discretion, confirming the Plan (such Order, the "Confirmation Order"). EME shall (A) file all pleadings with the Bankruptcy Court as are necessary or appropriate to secure entry of the PSA Order and (B) serve such pleadings on all parties known to EME to be potentially entitled to notice of such pleadings under applicable provisions of the Bankruptcy Code and related rules, and shall diligently pursue the obtaining of such orders.

(b) Subject to entry of the PSA Order, EME shall (i) use reasonable best efforts to obtain an order (the " Disclosure Statement Order") approving the disclosure statement related to the Plan (the " Disclosure Statement") (which Disclosure Statement and Disclosure Statement Order may not contain any provisions which are inconsistent in any material respect with this Agreement), (ii)

commence solicitation on the Plan, and (iii) subject to the provisions of Section 4.6 and use reasonable best efforts to (A) facilitate the solicitation, confirmation and consummation of the Plan and the transactions contemplated hereby and by the Ancillary Agreements, (B) obtain the Confirmation Order and (C) consummate the Plan.

(c) Each Purchaser Party shall promptly take all actions as are reasonably requested by EME to assist in obtaining the Bankruptcy Court's entry of the PSA Order and, as applicable, the Plan, the Disclosure Statement, the Confirmation Order, the Disclosure Statement Order or any other Order reasonably necessary in connection with the transactions contemplated by this Agreement and by the Ancillary Agreements as promptly as practicable, including furnishing affidavits, financial information or other documents or information for filing with the Bankruptcy Court and making such Purchaser's Party's employees and representatives available to testify before the Bankruptcy Court for the purposes of, among other things providing necessary assurances of performance by the Purchaser Parties under this Agreement and demonstrating that Purchaser is a "good faith" purchaser under Section 363(m) of the Bankruptcy Code, as well as demonstrating Purchaser's ability to pay and perform or otherwise satisfy the liabilities and obligations of the Acquired Companies following the Closing. In the event that the entry of the PSA Order or, as applicable, the Plan, the Disclosure Statement, the Confirmation Order, the Disclosure Statement Order or any other Order reasonably necessary in connection with the transactions contemplated by this Agreement is appealed, EME shall use its reasonable best efforts to defend against such appeal and the Purchaser Parties shall use their best efforts to cooperate with EME in such appeal.

8.2 Approval. Notwithstanding anything in this Agreement to the contrary, each Purchaser Party acknowledges and agrees that no obligations of EME hereunder shall be enforceable against EME or the Debtor Subsidiaries or any of their respective Related Persons until the entry of the PSA Order. EME's obligations under this Agreement and the Ancillary Agreements and in connection with the transactions contemplated hereby and thereby are subject to entry of and, to the extent entered, the Orders of the Bankruptcy Court in the Chapter 11 Cases (including entry of the PSA Order, the Disclosure Statement Order and the Confirmation Order). Nothing in this Agreement shall require EME or its Related Persons to give testimony to or submit a motion to the Bankruptcy Court that is untruthful or to violate any duty of candor or other fiduciary duty to the Bankruptcy Court or its stakeholders.

ARTICLE 9
ADDITIONAL AGREEMENTS

9.1 Survival.

(a) The representations and warranties and covenants and agreements set forth in this Agreement, any Ancillary Agreement or in any certificate, agreement or other document delivered in connection with this Agreement to the extent contemplating or requiring performance prior to the Closing, shall terminate effective as of immediately prior to the Closing such that no claim for breach of any such representation or warranty, detrimental reliance or other right or remedy (whether in contract, in tort or at Law or equity) may be brought after the Closing, and each covenant and agreement of EME and Purchaser to the extent contemplating or requiring performance prior to the Closing shall terminate effective immediately as of the Closing such that no claim for breach or non-performance of any such covenant or agreement, detrimental reliance or other right or remedy (whether in contract, in tort or at Law or equity) may be brought after the Closing. Any covenant or agreement of any Party in this Agreement that requires performance at or after the Closing shall survive the Closing until the expiration of the statute of limitations for breach of contract with respect to such covenant or agreement and nothing in this Agreement shall be deemed to limit any rights or remedies of any person for breach of any such covenant or agreement (with it being understood that nothing herein shall limit or affect Purchaser's or any of its Affiliates' liability for the failure to pay the Stock Purchase Price or Cash Purchase Price or

other amounts when required hereunder, assume the Assumed Liabilities or pay other amounts as required under this Agreement). Each Party waives the right to seek rescission of the Transactions or to have the Transactions contemplated hereby rescinded.

(b) Each Purchaser Party (on its behalf and on behalf of its Related Persons) acknowledges and agrees that, from and after the Closing, to the fullest extent permitted under applicable Law, any and all rights, claims and causes of action it may have against EME, any Homer City Debtor or their respective Affiliates or their respective Related Persons relating to the operation of EME or its Subsidiaries or the Business or relating to the subject matter of this Agreement, the Ancillary Agreements and the Schedules and the transactions contemplated hereby and thereby, whether arising under or based upon any Law or Order (including any right, whether arising at Law or in equity, to seek indemnification, contribution, cost recovery, damages, or any other recourse or remedy, including as may arise under common law or other Law), except to the extent provided herein with respect to Excluded Liabilities, are hereby waived. Furthermore, without limiting the generality of this Section 9.1, no claim shall be brought or maintained by or on behalf of Parent, Purchaser or any of their respective Affiliates or their or their respective Related Persons against EME, any Homer City Debtor or any of their Affiliates or their respective Related Persons, and no recourse shall be sought or granted against any of them, by virtue of or based upon any alleged misrepresentation or inaccuracy in or breach of any of the representations, warranties or covenants of EME or any other Person set forth or contained in this Agreement, the Ancillary Agreements, any certificate, agreement or other documents delivered hereunder, the subject matter of this Agreement, the Business, the ownership, operation, management, use or control of the businesses of EME, its Affiliates or any of the Subsidiaries, any of their assets, any of the transactions contemplated hereby or any actions or omissions at or prior to the Closing, except in the case of fraud.

(c) Furthermore, without limiting the generality of this Section 9.1, each Purchaser Party hereby waives, on behalf of itself and its Affiliates and its or their Related Persons (including, after the Closing, the Acquired Companies), any right, whether arising at Law or in equity, to seek contribution, cost recovery, damages, or any other recourse or remedy from EME and the Homer City Debtors and each of their Affiliates and their respective Related Persons, and hereby releases each such Person from any claim, demand or liability, with respect to any environmental, health, or safety matter (including any matter arising under any Law).

9.2 Press Release and Public Announcements. Except as contemplated by this Agreement, no Party shall make any press release or public announcement concerning the transactions contemplated by this Agreement without the prior written approval of the other Parties, unless a press release or public announcement is required by Law or Order of the Bankruptcy Court. If any such announcement or other disclosure is required by Law or Order of the Bankruptcy Court, the disclosing Party shall (to the extent practicable) give the non -disclosing Party prior notice of, and a reasonable opportunity to comment on, the proposed disclosure. The Parties acknowledge that EME will file this Agreement with the Bankruptcy Court in connection with obtaining the PSA Order. Notwithstanding anything to the contrary contained herein, nothing contained herein or in any Ancillary Agreement shall prevent, or otherwise limit, EME or the Acquired Companies from communicating with customers, vendors and other third-party business relations in connection with the Chapter 11 Cases and in furtherance of the transactions contemplated hereby and by the Ancillary Agreements.

9.3 Confidentiality. Each Party acknowledges that certain information provided to such Party or its Related Persons in connection with the Transaction is subject to the terms of the Confidentiality Agreement, dated as of September 30, 2013, by and between Parent and EME (as amended from time to time in accordance with its terms, the "Confidentiality Agreement"), the terms of which are hereby incorporated herein by reference. Insofar as the Confidentiality Agreement may have limited either Party from disclosing or using the terms of this Agreement or the discussions between the

Parties in respect thereof, each Party acknowledges and agrees that the Confidentiality Agreement is waived to allow disclosure of such terms and discussions for the matters described in Section 9.2 and other matters contemplated by this Agreement.

9.4 Consents.

(a) The Purchaser Parties acknowledge that certain consents to the transactions contemplated by this Agreement may be required from parties to contracts, leases, licenses or other agreements to which EME and/or its Subsidiaries are party (including the Permits and the Assigned Contracts) and such consents have not been obtained and may not be obtained. EME shall, and shall cause its Subsidiaries to, cooperate as reasonably requested by the Purchaser Parties in Purchaser Parties' efforts to obtain such consents; provided that (i) no such cooperation shall require EME or any other Person to expend any money, grant any concession or institute any Legal Proceeding, and (ii) receipt of any consent shall not be a condition to Closing for the Purchaser Parties and nor shall the Purchaser Parties be entitled to delay the Closing while awaiting any consent. The Purchaser Parties agree that neither EME (nor any assignee of its rights hereunder) nor any of its Affiliates nor any of their respective Related Persons shall have any liability whatsoever to Purchaser, Parent and/or any of their respective Subsidiaries or their respective Affiliates or their or their respective Related Persons (and neither Purchaser or Parent nor any of their respective Subsidiaries nor their respective Affiliates nor their respective Related Persons shall be entitled to assert any claims against EME (nor any assignee of its rights hereunder) or its Affiliates or its or their Related Persons) arising out of or relating to the failure to obtain any consents that may have been or may be required in connection with the transactions contemplated by this Agreement or because of the default, acceleration or termination of or loss of right any such contract, lease, license or other agreement as a result thereof.

(b) On the date hereof, Parent and various PoJo Parties have executed the agreements attached hereto as Exhibit D (the "PoJo Term Sheet") setting forth certain agreements regarding, and modifications and amendments to, the PoJo Leases and Documents (the " PoJo Lease Modifications") and providing for the other matters set forth in the PoJo Term Sheet. Each of the Purchaser Parties and EME hereby agree to satisfy such provisions of the PoJo Term Sheet and other provisions of this Agreement with respect to the PoJo Leases and Documents as are within their respective control and covenant and agree to use, and to cause their respective Subsidiaries to use, reasonable best efforts to negotiate, execute and deliver such amendments and other modifications to the PoJo Leases and Documents as may be reasonably necessary to implement the PoJo Lease Modifications, in each case as promptly as practicable after the date hereof. Each party shall seek the approval of each other PoJo Party as necessary to implement the PoJo Lease Modifications and satisfy the other provisions hereof with respect to the PoJo Leases and Documents and shall seek to obtain such approvals of the Bankruptcy Court as may be reasonably necessary such that no Party will have a termination right pursuant to Section 7.1(a)(ii)(5) of this Agreement and that the conditions set forth in Article 3 hereof regarding the PoJo Leases and Documents are satisfied.

(c) EME has informed the Purchaser that it has pledged the Purchased Interests in Viento Funding II, Inc. (the " Viento Shares") to support certain borrowings of Viento II Funding, Inc. (the "Viento Holdco Debt"). Prior to Closing, EME shall use reasonable best efforts to deliver to the Purchaser a pay-off letter in customary form from the agent with respect to the Viento Holdco Debt. Purchaser shall have the right, but not the obligation, to repay the Viento Holdco Debt or cause the Viento Holdco Debt to be repaid promptly at or after Closing and EME shall cooperate to cause the delivery of the certificate representing the Viento Shares promptly after repayment of the Viento Holdco Debt on the terms and subject to the conditions of the pay-off letter; provided that, without limiting the adjustment for Closing Debt provided in Article 1 of this Agreement, there shall be no purchase price adjustment or

obligation of EME to repay the Viento Holdco Debt or cause the Viento Holdco Debt to be repaid at or prior to the Closing.

9.5 Tax Matters.

(a) Tax-Sharing Agreements. Any Tax-sharing and similar agreements between EME (or any of its Affiliates) and any of the Acquired Companies shall be terminated prior to the Closing Date and shall have no further effect for any taxable year (whether the current year, a future year, or a past year).

(b) Returns for Periods Through the Closing Date. EME shall include the income of the Business on EME's consolidated federal and state Income Tax Returns for all periods through the end of the Closing Date and pay any federal or state Income Taxes attributable to such income. Purchaser shall reimburse EME for any Taxes attributable to such income, and shall otherwise be responsible for Taxes, that are not Excluded Tax Liabilities. Purchaser and the Acquired Companies shall furnish Tax information reasonably requested by EME for inclusion in EME's federal and state consolidated Income Tax Return for the period that includes the Closing Date in accordance with the Acquired Companies' past custom and practice. The income of the Business shall be apportioned to the period up to and including the Closing Date and the period after the Closing Date by closing the books of the Business as of the end of the Closing Date.

(c) Taxable Sale of Assets. Except to the extent otherwise agreed to pursuant to any Tax Attributes Agreement, the transfer of the Target Holdings is, subject to the remaining provisions of this Section 9.5(c), intended to be treated for all federal and state Income Tax purposes as the taxable sale of the Target Assets, the assets of each of the Wholly-Owned Companies, and EME's direct or indirect share of the assets of each of the Partially-Owned Companies (the "Asset Sale Treatment"), and EME intends to retain all of the existing Tax Attributes that constitute Excluded Assets. In order to accomplish this, EME will, use its commercially reasonable efforts to seek any third party consent required under any material Contract to which it is party and, subject to receipt of such third party consent, (i) convert (including by merger, if necessary) each of the Wholly-Owned Companies to a limited liability company disregarded as an entity separate from its owner or a limited partnership that is not separately taxed, (ii) take such other actions within its control to cause each Partially-Owned Company that is treated as a partnership for tax purposes, and each Wholly-Owned Company that is converted to a limited partnership under clause (i), to have in place an election under Section 754 of the Code, and (iii) undertake any other transactions contemplated pursuant Section 4.8 of this Agreement that may help to achieve the results contemplated by the immediately foregoing sentence, in each case insofar as relates to Acquired Companies organized under the Laws of a jurisdiction other than the United States or a Subsidiary of a Person organized under the Laws of a jurisdiction other than the United States, to the extent practicable and commercially reasonable ; provided that in no event shall EME be required to take any action if such action would result in Taxes, fees and costs being paid by EME or, prior to the Closing, any Acquired Company in excess of $500,000 unless the Purchaser agrees to pay and be responsible for such excess Taxes, fees and costs; provided that EME shall be responsible for payment of such excess Taxes, fees or costs to the extent (A) the amount of such excess Taxes, fees or costs were triggered because of other Pre-Closing Reorganizations or (B) on or prior to the 10th Business Day referred to in Section 4.8, the Purchaser delivers written notice to EME objecting to all or any portion of the Pre-Closing Reorganizations related to the Asset Sale Treatment (in which case, EME may to the extent permitted by the last sentence of Section 4.8, but shall not be required to, implement the portion so objected to as long it is responsible for and pays all Taxes, fees other costs related to the conversion of the Wholly-Owned Companies or the Asset Sale Treatment with respect to the portion so objected to). Notwithstanding the foregoing, EME shall not be required to take any action that would it cause it or any Acquired Company to breach any material Contract to which it is a party unless the Purchaser has agreed to be responsible for

any resulting Liabilities arising therefrom. Except to the extent otherwise agreed to pursuant to any Tax Attributes Agreement, the Purchaser Parties (1) covenant that Purchaser will not be controlled by Parent for purposes of Section 368 of the Code on the Closing Date and will not become controlled by Purchaser during the two-year period following the Closing Date, (2) agree that the Stock Purchase Price and Estimated Cash Purchase and other cash consideration owing to EME hereunder shall be contributed by Parent, to NRG Acquisition Holdings Inc. and then by NRG Acquisition Holdings Inc. to Purchaser and then paid by Purchaser to EME, (3) agree that the Target Holdings are being purchased directly by Purchaser and are not being transferred to Purchaser on behalf of any other party, and (4) agree to report the purchase of the Target Assets by Purchaser as a taxable asset purchase for all federal and state Income Tax purposes.

(d) Indemnification for Post-Closing Transactions. The Purchaser Parties agree to indemnify EME for any additional Tax owed by EME (including Tax owed by EME due to this indemnification payment) resulting from any transaction engaged in by the Acquired Companies not in the ordinary course of business occurring on the Closing Date after Purchaser's purchase of Target Equity Interests.

9.6 Employee Benefits and Employment Matters.

(a) Schedule 9.6(a) identifies, as of the date hereof, each Eligible Employee, on a no-name basis, including job title, personnel area, work location, and company name. Prior to the Closing Date, EME shall provide Parent with an updated Schedule 9.6(a) as changes to the list occur from time to time, but no more than seven (7) Business Days following the change. Parent shall evaluate its personnel needs and shall consider offering employment (but shall not be required to offer employment) to Eligible Employees on a case by case basis. Not less than fifteen (15) Business Days prior to the anticipated Closing Date, Parent shall provide to EME a list of Eligible Employees (the "Selected Employees") to whom, after entry of the Disclosure Statement Order, Purchaser or one of Parent's Affiliates shall offer employment, which offers of employment shall be contingent upon and effective as of the Closing Date. All offers of employment by Parent or by an Affiliate of Parent to Selected Employees shall be subject to successful completion of Parent's or its Affiliate's drug screening, testing and background check requirements or other reasonable procedures and receipt from EME of a completed Form I-9 proving eligibility for employment in the United States on the Closing Date (the "Purchaser Employment Conditions"). Selected Employees offered employment shall have not less than seven (7) Business Days to accept or reject the offer in writing with the seventh (7th) Business Day of such period to occur prior to the Closing Date. Each Selected Employee who accepts Parent's or Parent's Affiliate's offer of employment and who satisfies the Purchaser Employment Conditions shall, effective as of the Closing Date, commence employment with Parent or Parent's Affiliate's on terms and conditions substantially comparable in the aggregate to those terms and conditions of similarly situated employees of Parent or Parent's Affiliate. Any Eligible Employee who is not offered employment by Parent or Parent's Affiliate prior to the Closing Date, who does not accept such offer of employment, or who is not hired due to the failure to satisfy the Purchaser Employment Conditions is hereinafter referred to as an "Excluded Employee." Nothing in this Agreement shall require or be construed or interpreted as requiring Parent, the Acquired Companies or any of their Affiliates to continue the employment of any of the Eligible Employees following the Closing Date or prevent Parent, Purchaser, the Acquired Companies or any of their Affiliates from changing the terms and conditions of employment of any Transferred Employees following the Closing Date. All employment offers made by Parent or any of its Affiliates to any Selected Employee shall be contingent on the Closing. In the event that this Agreement is terminated or the Closing does not occur, all such employment offers shall be null and void.

(b) Except as provided in Section 9.6(f) of this Agreement, EME shall be solely responsible for any severance, change in control payments or parachute payments owed to Business

Employees (including any Excluded Employees) which are payable solely as a result of the consummation of the Transaction pursuant to the terms of any agreements, plans or programs entered into or sponsored by EME or any of its Subsidiaries prior to the Closing with any such Business Employees.

(c) With respect to such Transferred Employees who are covered by a Collective Bargaining Agreement (collectively, "Union Employees"), Parent shall (or cause its Affiliates to, as appropriate) otherwise assume and thereafter be bound by and comply with each Collective Bargaining Agreement presently applying to the Union Employees, and such employees shall be credited with their period of service with EME and the other Acquired Companies and their respective predecessors for all purposes of the Collective Bargaining Agreements.

(d) During the period beginning on the Closing Date and ending on the first anniversary of the Closing Date (the "Benefit Period"), Parent shall, or shall cause any Acquired Company or an Affiliate to provide each Transferred Employee who continues to be employed with the Parent, an Acquired Company or an Affiliate with (A) base salaries and wage rates and cash bonus opportunities on a comparable basis and (B) benefit plans, programs and arrangements (other than equity based compensation, retiree medical and defined benefit plans) which are substantially similar in the aggregate to those provided by Parent or its Affiliates to its similarly situated employees during the Benefit Period; provided, however, that the Parties agree that Parent shall or shall cause an Acquired Company or one of its Affiliates to provide each Union Employee with compensation and benefits (including vacation benefits) in accordance with the terms of any Collective Bargaining Agreement.

(e) Except as otherwise provided in this Section 9.6 or otherwise specifically assumed in this Agreement, neither Parent, Purchaser nor any Affiliate of Parent or Purchaser shall assume any Employee Benefit Plan or any other plan, program or arrangement of EME or any Affiliate of EME (other than the Acquired Companies) that provides any compensation or benefits to current or former employees or current or former independent contractors or consultants of EME or any Affiliate of EME (other than the Acquired Companies). None of Parent, Purchaser, any Affiliate of Parent or Purchaser nor any Acquired Company shall be responsible with respect to any Excluded Employee Liabilities nor shall have any responsibility for, and EME shall retain all responsibility related to, any and all employment or employee benefit-related matters, obligations, liabilities or commitments of EME (other than (x) any such obligations, liabilities or commitments of EME as the Purchaser Parties have expressly agreed to assume hereunder and (y) for the avoidance of doubt, any such obligations, liabilities, and commitments of the Acquired Companies other than Excluded Employee Liabilities).

(f) Other than with respect to an Eligible Employee listed in Schedule 9.6(f), (i) if any Transferred Employee that is not a Union Employee (x) is terminated without Cause (as defined in the EME Severance Plan) at any time after the date hereof and ending on the one (1) year period following the Closing Date or (y) resigns his employment at any time after accepting the Offered Terms and prior to the one (1) year anniversary of the Closing Date because Purchaser or one of its Related Persons imposes, proposes or attempts to make adverse changes to the Offered Terms or (ii) with respect to any Excluded Employee who is involuntarily terminated by EME or any Affiliate of EME on or after the Closing Date (regardless of whether such Excluded Employee (A) was not offered employment pursuant to Section 9.6(a), (B) rejects an offer of employment from Parent or Parent's Affiliate; provided, however, that an Eligible Employee that rejects an offer of employment that contains substantially similar terms as such Eligible Employee's current employment terms (including principal location of employment not further than 50 miles from such Eligible Employee's principal place of employment as of the Closing Date and substantially similar base salary and wages) (the "Offered Terms"), shall not be included under this clause (B), or (C) fails to satisfy the Purchaser Employment Conditions and thus does not become a Transferred Employee), Parent shall, or shall cause one of its Affiliates to, pay severance compensation to such employee that is at least as much as the maximum cash severance and other

compensation such employee would have received under the EME Severance Plan based on such employee's (1) base salary immediately prior to the date hereof or, if greater, such employee's base salary as of the date of termination and (2) aggregate service (taking service recognized under severance programs of EME and the Acquired Companies or any of their Affiliates and post-Closing service with Parent and such Acquired Companies into account)) as of the date of termination, and such other amount as may be required under applicable Law.

(g) Parent agrees that from and after the Closing Date, Parent will, or will cause one of the Acquired Companies to, grant to all Transferred Employees credit for any service with EME and the Acquired Companies (or any of their Affiliates) and its predecessors earned prior to the Closing Date for purposes of (A) eligibility and vesting and (B) post-Closing paid time off accrual and determination of severance amounts under any benefit plan, program or arrangement established or maintained by Parent, Purchaser, the Acquired Companies or their respective Affiliates for the benefit of the Transferred Employees (the "Purchaser Plans"). In addition, Parent hereby agrees that Parent, Purchaser, the Acquired Companies and their respective Affiliates shall use commercially reasonable efforts to (x) waive for Transferred Employees who are not Union Employees all pre-existing condition exclusion and actively-at-work requirements and similar limitations, eligibility waiting periods and evidence of insurability requirements under any Purchaser Plans that are Employee Welfare Benefit Plans; provided that, in the case of life insurance benefits, evidence of insurability requirements shall only be waived with respect to the same level of coverage the Transferred Employees had in effect immediately prior to the Closing date, and (y) shall cause any deductibles, co-insurance and out-of-pocket covered expenses incurred on or before the Closing Date by any Transferred Employee or Acquired Company Employee (or dependent or beneficiary thereof) to be taken into account for purposes of satisfying applicable deductible, coinsurance and maximum out-of-pocket provisions after the Closing Date under any Purchaser Plan that is an Employee Welfare Benefit Plan. Prior to the Closing, EME and the Acquired Companies shall cause the Transferred Employees to provide all cooperation reasonably necessary for Parent to satisfy its obligations under this Section 9.6(g). Notwithstanding anything to the contrary in the foregoing, with respect to the issues set forth in this subsection (g), Transferred Employees who are Union Employees shall be treated in accordance with the terms of their applicable Collective Bargaining Agreement.

(h) Parent shall recognize and credit each Transferred Employee with up to a maximum of 40 hours for any vacation time accrued but not yet used prior to the Closing Date (the "Days Off Accrual"); provided, however, that the Parties agree that on or immediately preceding the Closing Date, EME or any applicable Affiliate shall pay out all amounts of accrued but unused vacation for each Transferred Employee in an amount equal to the greater of, (i) the amount required to the paid out as required by Law or applicable Collective Bargaining Agreement or (ii) the amount necessary to reduce each such Transferred Employee's accrued but unused vacation balance to 40 hours (collectively, the "Paid Vacation Liability"); provided further that to the extent the terms of any Collective Bargaining Agreement and this Section 9.6(h) are inconsistent, the terms of the Collective Bargaining Agreement shall dictate how accrued vacation is treated with respect to the Union Employees. As of the Closing Date or as soon as administratively practical following the Closing Date, the Parent shall reimburse EME, in cash, for all Paid Vacation Liabilities. The respective Transferred Employees shall be entitled to either use the Days Off Accrual on terms substantially similar to those in effect under the applicable Collective Bargaining Agreement or paid time off policy of Parent or, consistent with such applicable Collective Bargaining Agreement or paid time off policy, receive payment in respect of such Days Off Accrual upon the Transferred Employee's termination of employment with Parent or such Acquired Company.

(i) Except as provided in Sections 9.6(j) and (k), effective as of the date of this Agreement through the Closing Date, EME shall not establish or adopt any employee benefit plan

intended to be qualified under Section 401(a) of the Code without obtaining prior written authorization from Parent.

(j) The Parties agree that between the date hereof and December 31, 2013, EME shall establish and adopt a "defined contribution plan" (as such term is defined in Section 3(34) of ERISA) which is intended to be qualified under Section 401(a) of the Code (the " EME 401(k) Plan"), which shall be similar to the Edison 401(k) Savings Plan (the "EIX 401(k) Plan"); provided, however, that any modifications to the EME 401(k) Plan that are different from the terms of the EIX 401(k) Plan shall be limited to such changes as would not result in a material increase in cost or Liability to the Acquired Companies. As soon as is reasonably practicable following January 1, 2014, EIX (or its applicable Affiliate) shall cause the trustee of the EIX 401(k) Plan to transfer account balances related to the Business Employees (including any outstanding loans) from the EIX 401(k) Plan to the EME 401(k) Plan in accordance with the requirements of Sections 411(d)(6) and 414(l) of the Code. Effective as of the Closing Date, EME shall assign to Parent or one of its Affiliates and Parent or one of its Affiliates shall assume from EME, sponsorship of the EME 401(k) Plan. Parent (or its Affiliate that sponsors the EME 401(k) Plan) may amend the EME 401(k) Plan at any time following the Closing Date (which may include merging such plan into a defined contribution plan maintained by Parent or one of its Affiliates), subject to any applicable requirements under the Collective Bargaining Agreement.

(k) To the extent MWG is required to cease participation under the Edison International Retirement Plan for Bargaining Unit Employees of Midwest Generation, LLC (the "EIX Midwest Gen Plan") as of December 31, 2013 (or such later date that occurs prior to the Closing Date, as applicable, the "Termination Date"), as soon as practicable following the execution of this Agreement, and notwithstanding any provision herein to the contrary, the Parties shall commence, and shall cooperate in connection with, the drafting of a separate plan document and related contracts thereto that shall be substantially similar to the EIX Midwest Gen Plan (the "Mirror Pension Plan") to be sponsored by MWG and for which MWG shall remain responsible at and immediately after the Closing to provide certain benefits to Transferred Employees employed by Midwest Generation, LLC who are represented by Local 15 of the International Brotherhood of Electrical Workers (the "Midwest Gen Union Employees") as required under the terms of the Collective Bargaining Agreement. All Liabilities associated with the Mirror Pension Plan shall be Debtor Subsidiary Assumed Liabilities. Subject to this Section 9.6(k), the Mirror Pension Plan shall be effective as of the Termination Date and provide benefits that are substantially identical to the benefits provided as of Termination Date to the Midwest Gen Union Employees under the EIX Midwest Gen Plan as required under of the Collective Bargaining Agreement, it being understood that in no event shall the Mirror Pension Plan be construed to provide any duplication of benefits with respect to any accrued benefits or other obligations otherwise required to be provided to the Midwest Gen Union Employees under the EIX Midwest Gen Plan. In furtherance of the foregoing, the benefits to be provided under the Mirror Pension Plan shall be determined based on such Midwest Gen Union Employee's (i) total credited service (A) as determined under the EIX Midwest Gen Plan and (B) with the Purchaser Parties, less (ii) the benefit such Midwest Gen Union Employee is entitled to receive under the terms of the EIX Midwest Gen Plan then in effect and based on such employee's credited service under the EIX Midwest Gen Plan as of the Closing Date.

(l) EME and Parent acknowledge and agree that all provisions contained in this Section 9.6(l) are included for the sole benefit of EME, Parent and Purchaser, and that nothing contained herein, express or implied, is intended to (i) confer upon any Person (including any Business Employee) any right to continued employment for any period or continued receipt of any specific employee benefit, (ii) constitute an amendment to or any other modification of any employee benefit plan, program or agreement of any kind or (iii) create any third party beneficiary or other rights in any other Person, including any Business Employees (or representatives thereof), former Business Employees, any participant in any benefit plan or any dependent or beneficiary thereof. Nothing in this Agreement shall

be interpreted as limiting the power of Parent, Purchaser, any Acquired Company or any of their Affiliates to amend or terminate any particular employee benefit plan, program, agreement or policy.

9.7 Directors' and Officers' Indemnification. Following the Closing until the six (6) year anniversary thereof, Parent shall (a) cause the Acquired Companies not to amend, repeal or otherwise modify the Acquired Companies' constitutive documents as in effect at the Closing, in any manner that would adversely affect the rights thereunder of individuals who are or were directors or officers of the Acquired Companies and (b) cause the Acquired Companies to honor and pay, the indemnification, advancement of expenses and exculpation provisions of each of the Acquired Companies' constitutive documents as in effect at the Closing, in any manner; provided, that all rights to indemnification in respect of any action pending or asserted or any claim made within such period shall continue until the disposition of such action or resolution of such claim. Parent shall not cancel or otherwise reduce coverage under any "tail" insurance policies purchased by the Acquired Companies prior to the Closing; provided that no payments shall be required of the Acquired Companies or the Purchaser Parties with respect to such policies after the Closing.

9.8 Expenses. Except as otherwise provided herein, each of the Parties hereto shall pay its own expenses in connection with this Agreement and the transactions contemplated hereby, including any legal, accounting, banking, consulting and advisory fees, whether or not the transactions contemplated hereby are consummated, the performance of their respective obligations hereunder or otherwise required by applicable Law. EME shall bear fees and expenses of its Related Persons and on behalf of the Supporting Noteholders and the UCC and otherwise in accordance with the Plan.

9.9 Support Obligations.

(a) The Purchaser Parties recognize that EME has provided credit support to and/or on behalf of the Acquired Companies and the Business and may have to (but shall not be obligated to) provide other credit support in connection with the transactions contemplated by this Agreement (collectively, the "Support Obligations"). Effective on the Closing Date, Purchaser shall either (i) cause EME to receive a full and unconditional release of each of the Support Obligations set forth on Schedule 9.9 or otherwise provided after the date of this Agreement (the " Closing Support Obligations") or (ii) fully cash collateralize or provide a letter of credit for each of the Closing Support Obligations which is not released at the Closing for the benefit of EME; provided that Purchaser shall not have any obligations in respect of a Closing Support Obligation to the extent the credit support was included in the calculation of Closing Cash. As promptly as practicable after the Closing Date, Purchaser shall use reasonable best efforts to effect the full and unconditional release of EME from all Closing Support Obligations which are cash collateralized or supported with a letter of credit instead of released at the Closing, as well as any other Support Obligations which remain outstanding (the " Remaining Support Obligations"). EME shall, and shall cause the Acquired Subsidiaries to, cooperate as reasonably requested by the Purchaser Parties in Purchaser Parties' efforts to obtain such releases from the Support Obligations; provided that (a) no such cooperation shall require EME or any other Person to expend any money, grant any concession or institute any Legal Proceeding, and (b) receipt of any release shall not be a condition to Closing for the Purchaser Parties and nor shall the Purchaser Parties be entitled to delay the Closing while awaiting any release.

(b) Purchaser and EME shall use their reasonable best efforts to cause the beneficiary or beneficiaries of the Remaining Support Obligations to terminate and redeliver to EME as soon as practicable, each original copy of each original guaranty, letter of credit or other instrument constituting or evidencing such Remaining Support Obligations, as well as to redeliver to EME and its Affiliates or lenders, as applicable, any cash collateral in respect of the Remaining Support Obligations

which was originally provided by EME and such Affiliates or lenders, and to take such other actions as may be required to terminate such Remaining Support Obligations.

(c) For so long as the Remaining Support Obligations are outstanding, Purchaser shall indemnify, defend and hold harmless EME from and against any and all Losses incurred by any such indemnified Persons in connection with the Remaining Support Obligations.

(d) It is acknowledged and agreed that, among other things, the Closing Support Obligations include the EME guarantee and Tax indemnity agreements provided in connection with the PoJo Leases and Documents and that Purchaser shall take such actions such that, at the Closing, it shall execute and deliver to the appropriate counterparties thereto, a Tax indemnity agreement and guarantee in substantially the form executed by EME, or as otherwise agreed by the PoJo Parties, and take such other actions and execute such other agreements as necessary to cause EME to be released from all Support Obligations with respect to the PoJo Leases and Documents. At the Closing, Parent shall provide an irrevocable and unconditional guarantee of all payments and performance of all obligations of Purchaser with respect to such guarantee and Tax indemnity agreement for the benefit of the PoJo Parties.

(e) Notwithstanding anything in this Agreement to the contrary, during the period from the date of the PSA Order until the Closing Date, Purchaser shall have the right to contact and have discussions with each beneficiary of a Support Obligation in order to satisfy its obligations under this Section 9.9; *provided* that (i) Purchaser shall give EME prior written notice before making any such contact, (ii) EME shall have the right to have one of its representatives present on the telephone line or in person, as applicable, during any such contact or discussion, and (iii) Purchaser shall cause such representatives to comply with all procedures and protocols regarding such contacts and discussions that may be reasonably established by EME and delivered to Purchaser in writing.

9.10 Litigation Support.

(a) In the event and for so long as any Party or any of its Affiliates or any of its or their Related Persons actively is contesting or defending against any Legal Proceeding in connection with (i) any transaction contemplated by this Agreement or the Ancillary Agreements or (ii) any fact, situation, circumstance, status, condition, activity, practice, plan, occurrence, event, incident, action, failure to act, or transaction on or prior to the Closing Date involving EME, any Homer City Debtor, any Acquired Company or the Business (other than, for the avoidance of doubt, litigation between the Parties with respect to this Agreement or the Transaction), the other Parties will reasonably cooperate with the contesting or defending Party and its counsel in the contest or defense, make available its personnel, and provide such testimony and access to its books and records as shall be necessary in connection with the contest or defense, all at the sole cost and expense of the contesting or defending Party.

(b) Without limiting the generality of Section 9.10(a), the Parties agree that the EIX Litigation will be prosecuted and controlled by EME (as reorganized pursuant to the Plan). Purchaser shall not (i) seek any term, or the implementation of any term in any manner, that requires the approval, consent or cooperation of any EIX Litigation Party, or gives any EIX Litigation Party a veto right, such that any EIX Litigation Party could demand the settlement or reduction in value of the EIX Litigation; or (ii) take any other action that would undermine the conduct of the EIX Litigation by EME. To the extent that any Acquired Company is a necessary party for purposes of the successful pursuit of the EIX Litigation by EME, Purchaser will require such Acquired Company to reasonably cooperate with reorganized EME, as applicable, as necessary or desirable for such successful pursuit; provided, however, that reorganized EME shall reimburse such Acquired Company for the reasonable out of pocket costs it incurs in connection with such cooperation.

9.11 Cancellation of Intercompany Accounts. EME and Purchaser agree that, as provided in the Plan, (a) EME shall be released of all obligations and Liabilities in respect of the MWG Intercompany Notes as of the Closing and (b) all intercompany payables and Liabilities between EME or any of the Homer City Debtors, on the one hand, and an Acquired Company, on the other hand (such intercompany payables and Liabilities, the "Intercompany Accounts") shall be settled, cancelled or rendered unenforceable at or prior to the Closing in accordance with the Plan. For the avoidance of doubt, no EIX Litigation Claims shall be impacted through cancellation of the Intercompany Accounts.

9.12 Post-Closing Record Retention and Access. Each of Purchaser and EME shall keep and preserve in an organized and retrievable manner, at the headquarters for the Business or any other location at which a portion of the Business is conducted and any such books or records are stored (in the case of Purchaser) and at the headquarters of EME (in the case of EME) the books and records in its possession for seven (7) years from the Closing Date. Upon expiration of such period for any specific books and records pertaining to the Business, each Party shall notify the other of its request to make copies of or take possession of such books and records and shall be provided reasonable opportunity to do so at the requesting Party's sole cost. While such books and records remain in existence, each Party shall allow the other Parties, their representatives, attorneys and accountants, at the requesting Party's expense, access to the books and records upon reasonable request and advance notice and during normal business hours, subject to the Confidentiality Agreement. Without limiting the generality of the foregoing, from and after the Closing, each Party shall provide the other Parties and their Affiliates and their authorized representatives with reasonable access (for the purpose of examining and copying), during normal business hours, to any books and records and other materials relating to periods prior to the Closing Date (a) in connection with general business purposes, whether or not relating to or arising out of this Agreement or the transactions contemplated hereby (including the preparation of Tax Returns, amended Tax Returns or claim for refund (and any materials necessary for the preparation of any of the foregoing), or in each case pro formas thereof) and financial statements for periods ending on or prior to the Closing Date, (b) in connection with the management and handling of any Legal Proceeding, whether such Legal Proceeding is a matter with respect to which indemnification may be sought hereunder, and (c) to comply with the rules and regulations of the Internal Revenue Service, the SEC or any other Governmental Authority; provided that nothing herein shall require any Party or their Affiliates to provide access to or disclose any information if such access or disclosure would be in violation of applicable Laws or regulations of any Governmental Authority. The obligations of the respective Parties with respect to such records shall include maintaining, for at least the retention period specified above, computer systems permitting access (subject to applicable Laws or regulations of any Governmental Authority) to any of such records which are stored in electronic form in a fashion which is not less efficient than current access methods.

9.13 Insurance. From and after the Closing, Purchaser shall, to the extent commercially practicable, assist EME and the Homer City Debtors in submitting all general liability and casualty loss claims or other claims against or relating to EME, the Homer City Debtors and/or any of their Affiliates that are not Acquired Companies for which insurance coverage is then available to any such Persons under any insurance policies owned by or transferred to any of the Acquired Companies prior to the Closing (collectively, the "Transferred Policies") for coverage under the Transferred Policies to the extent such claims relate to events occurring prior to the Closing (subject to deductibles, self-insured retentions and policy limits of such Transferred Policies) (each such claim, a "Covered EME Claim"); provided that "Covered EME Claims" shall also include claims of Acquired Companies under Transferred Policies to the extent relating to Excluded Liabilities. After the Closing, Purchaser shall, or shall cause its Affiliates to, permit EME and its Affiliates to submit such Covered EME Claims for processing in accordance with the Transferred Policies to the same extent as such Persons were entitled prior to the Closing. It is understood and agreed that EME shall be responsible for satisfying any deductibles, self-insured retentions and other retained amounts on insurance coverage with respect to such Covered EME Claims

made by EME. Purchaser and its Subsidiaries shall provide EME and its Affiliates with reasonable cooperation regarding the processing of any Covered EME Claim. Purchaser shall provide EME with sixty (60) days' prior written notice of cancellation of any Transferred Policy (other than an expiration in accordance with its terms).

9.14 Use of Name and Trademarks. As soon as practicable after the Closing Date, but in no event more than sixty (60) days thereafter, the name of each Acquired Company that includes the name "Edison" shall be changed to names that do not include "Edison" or the other names, marks or logos set forth on Schedule 9.14, whether alone or in combination with any other words, phrases or designs or any derivatives, abbreviations, acronyms or other formatives based on or including any of the foregoing or any marks or logos confusingly similar thereto (collectively, the " Edison Marks") and Purchaser shall not use the Edison Marks (including in any domain names or in any signage or rolling stock). The Parties shall discuss in good faith mechanisms such that use of the Edison Marks will cease at or prior to Closing or, failing that, a date sooner than the prescribed above.

9.15 Certain Arrangements. From the date hereof and until the entry of the Confirmation Order, unless EME otherwise agrees in writing and except as may be required by the terms of this Agreement and other than the Plan Sponsor Agreement and Parent's arrangements with Barclay's and Deutsche Bank in connection with this Transaction, neither Parent or Purchaser nor their respective Affiliates or any of their or their Affiliates' respective Related Persons shall enter into any Contract, undertaking, commitment, agreement or obligation, whether written or oral, with any member of the management of EME, the Homer City Debtors or any of the Acquired Companies or the board or directors of EME (except as provided in Section 9.6), any holder of equity or debt securities of EME or the Acquired Companies, or any lender or creditor of EME or the Acquired Companies (a) relating in any way to the acquisition of the Target Holdings or the transactions contemplated by this Agreement or (b) that would be reasonably likely to prevent, restrict, impede or affect adversely the ability of EME to entertain, negotiate or consummate any Acquisition Proposal.

9.16 Parent Guarantee. Parent hereby agrees to cause Purchaser to comply with and perform each and every of its covenants and agreements hereunder. Without limiting the generality of the foregoing, Parent agrees to cause Purchaser to pay the Estimated Cash Purchase Price, the Stock Purchase Price and other amounts required to be paid by Purchaser hereunder, in each case when required hereunder. Parent agrees that such guarantee is a guarantee of payment and performance, and not of collection, and that EME and each Homer City Debtor are entitled to enforce this Agreement and may proceed directly against Parent, whether or not it has instituted a Legal Proceeding against the Purchaser and whether or not such Legal Proceeding has been resolved. Purchaser covenants and agrees that, from and after the Closing, it shall cause each of its post-Closing Subsidiaries and the Acquired Companies to comply with each of the terms of this Agreement or any other agreement entered into in connection with the transactions contemplated hereby to which it is party or subject.

9.17 Non-Solicitation and No-Hire. From the date hereof until the earlier of (a) the first anniversary of the date hereof and (b) the Closing Date, each Purchaser Party will not, and will cause each of its Subsidiaries not to, directly or indirectly, solicit for employment or engagement or employ or engage any individual who is now or was during the six months prior to such proposed solicitation, hire or engagement, engaged or employed by EME, any Homer City Debtor and any Acquired Company, without obtaining the prior written consent of EME; provided that, the restrictions in this Section 9.17 shall continue to apply after the Closing Date with respect to the employees listed on Schedule 9.17. Notwithstanding the foregoing, nothing herein shall restrict or preclude any Purchaser Party's or its Subsidiaries' right to make generalized searches for employees by use of advertisements in any medium or to engage firms to conduct such searches, so long as such search firms do not target or focus on EME or the Acquired Companies, or to employ or engage any individual who (i) is not or was not a

management-level employee or key employee of EME, any Homer City Debtor and/or any Acquired Company, and (ii) either (a) with whom neither Purchaser Party nor any of its Subsidiaries (nor any Related Persons on their behalf) had substantive contact, directly or indirectly, or who were specifically identified to such Purchaser Parties or any of their Subsidiaries or any of their respective Related Persons during the period of its investigation of EME and evaluation of the Transaction, or (b) approached the Purchaser Party or its Subsidiary. Notwithstanding anything to the contrary contained herein, from and after the date the Disclosure Statement Order is entered, nothing in this Section 9.17 shall prohibit Parent, Purchaser or any of their respective Affiliates from taking any action permitted by Section 9.6 hereof.

ARTICLE 10
MISCELLANEOUS

10.1 Amendment and Waiver. This Agreement may be amended or any provision of this Agreement may be waived; provided that any amendment or, except as provided in Section 7.1, waiver shall be binding only if such amendment or waiver is set forth in a writing executed by the Party against whom enforcement is sought. No course of dealing between or among any Persons having any interest in this Agreement shall be deemed effective to modify, amend or discharge any part of this Agreement or any rights or obligations of any Person under or by reason of this Agreement. Any waiver by any Party of any condition, or of the breach of any provision, term, covenant, representation or warranty contained in this Agreement, in any one or more instances, is not deemed to be nor construed as a furthering or continuing waiver of any such condition, or of the breach of any other provision, term, covenant, representation or warranty of this Agreement.

10.2 Notices. All notices, demands and other communications to be given or delivered under or by reason of the provisions of this Agreement shall be in writing and shall be deemed to have been given (a) if personally delivered, on the date of delivery, (b) if delivered by express courier service of international standing (with charges prepaid), on the first Business Day following the date of delivery to such courier service, (c) if deposited in the United States mail, first-class postage prepaid, on the fifth Business Day following the date of such deposit, or (d) if delivered by facsimile, upon confirmation of successful transmission, (i) on the date of such transmission, if such transmission is completed at or prior to 5:00 p.m., local time of the recipient Party on a Business Day, on the date of such transmission, and (ii) on the next Business Day following the date of transmission, if such transmission is completed after 5:00 p.m., local time of the recipient Party, on the date of such transmission or is transmitted on a day that is not a Business Day. All notices, demands and other communications hereunder shall be delivered as set forth below, or pursuant to such other instructions as may be designated in writing by the Party to receive such notice:

Notices to EME:

Edison Mission Energy
3 MacArthur Place, Suite 100
Santa Ana, California 92707
Attention: President
Telephone: (714) 513-8000
Facsimile: (949) 225-7700

with a copy (which shall not constitute notice) to:	Kirkland & Ellis LLP 300 North LaSalle Street Chicago, Illinois 60654 Attention: James H.M. Sprayregen, P.C. David R. Seligman, P.C. Telephone: 312-861-2000 Facsimile: 312-861-2200
with a copy (which shall not constitute notice) to counsel for the UCC at:	Akin Gump Strauss Hauer & Feld LLP One Bryant Park New York, New York 10036 Attn: Ira S. Dizengoff and Arik Preis Fax: (212) 872-1002 and Akin Gump Strauss Hauer & Feld LLP 1333 New Hampshire Avenue, N.W. Washington, D.C. 20036 Attn: James R. Savin Fax: (202) 887-4288
with a copy (which shall not constitute notice) to counsel for the Supporting Noteholders at:	Ropes & Gray LLP 1211 Avenue of the Americas New York, New York 10036 Attn.: Keith H. Wofford Fax: 212.596.9090 and Ropes & Gray LLP 800 Boylston Street Boston, Massachusetts 02199 Attn.: Stephen Moeller-Sally Fax: 617.951.7050

Notices to Purchaser Parties:	NRG Energy, Inc. 211 Carnegie Center Princeton, NJ 08540-6213 Attention: Brian Curci Telephone: 609.524.5171 Facsimile: 609.524.4501
with a copy (which shall not constitute notice) to:	Baker Botts L.L.P. 1299 Pennsylvania Avenue, NW Washington, DC 20004-2400 Attention: Elaine M. Walsh Telephone: 202.639.1141 Facsimile: 202.585.1042
	-and-
	Baker Botts L.L.P. 2001 Ross Avenue Dallas, Texas 75201 Attention: C. Luckey McDowell Telephone: 214.953.6571 Facsimile: 214.661.4571

10.3 Assignment. This Agreement and all of the provisions hereof shall be binding upon and inure to the benefit of the Parties hereto and their respective heirs, successors and permitted assigns; provided that neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned (including by operation of Law) by a Party without the prior written consent of the other Parties. For all purposes hereof, a transfer, sale or disposition of a majority of the voting capital stock or other voting interests of a Party (whether by contract or otherwise) shall be deemed an assignment hereunder. No assignment, even if consented to, of any obligations hereunder shall relieve the Purchaser Parties of any of their respective obligations under this Agreement, including their obligation to pay the Cash Purchase Price and the Stock Purchase Price and assume the Assumed Liabilities.

10.4 Severability. Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable Law, but if any provision of this Agreement is held to be prohibited by or invalid under applicable Law, such provision shall be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement. In the event that any part of this Agreement is declared by any court or other judicial or administrative body to be null, void or unenforceable, said provision survives to the extent it is not so declared, and all of the other provisions of this Agreement remain in full force and effect only if, after excluding the portion deemed to be unenforceable, the remaining terms provide for the consummation of the transactions contemplated hereby in substantially the same manner as originally set forth at the later of the date this Agreement was executed or last amended.

10.5 Mutual Drafting. This Agreement is the result of the joint efforts of EME and Purchaser, and each of them and their respective counsel have reviewed this Agreement and each provision hereof has been subject to the mutual consultation, negotiation and agreement of the Parties, and the language used in this Agreement shall be deemed to be the language chosen by the Parties to express their mutual intent, and therefore there shall be no construction against either Party based on any presumption of that Party's involvement in the drafting thereof.

10.6 Captions. The captions used in this Agreement and descriptions of the Schedules are for convenience of reference only and do not constitute a part of this Agreement and shall not be deemed to limit, characterize or in any way affect any provision of this Agreement, and all provisions of this Agreement shall be enforced and construed as if no caption or description of the Schedules had been used in this Agreement.

10.7 Complete Agreement. The Confidentiality Agreement, this Agreement and the Ancillary Agreements contain the complete agreement between the Parties with respect to the transactions contemplated hereby and supersede and replace all prior and contemporaneous understandings, agreements or representations by or among the Parties, written or oral, with regard to such transactions. No such prior understandings, agreements or representations, including any earlier drafts of this Agreement, shall affect in any way the meaning or interpretation of this Agreement. The Schedules and any documents and instruments delivered pursuant to any provision hereof are expressly made a part of this Agreement as fully as though completely set forth herein.

10.8 Schedules. The disclosures in the Schedules are qualified in their entirety by reference to specific provisions of this Agreement, and are not intended to constitute, and shall not constitute, representations or warranties. Notwithstanding anything to the contrary contained in this Agreement or in the Schedules, each Section of the Schedules shall be deemed to qualify the corresponding Section of this Agreement and any other Section of this Agreement to which the application of such disclosure is reasonably apparent on its face (including with respect to a particular representation and warranty that may not make a reference to the Schedules). The inclusion of information in the Schedules shall not be construed as or constitute an admission or agreement that such information is material to EME, its Subsidiaries or the Business or that such information constitutes a violation of applicable Laws or a breach of any Contract. In addition, matters reflected in the Schedules are not necessarily limited to matters required by this Agreement to be reflected in the Schedules. Such additional matters are set forth for informational purposes only and do not necessarily include other matters of a similar nature. Neither the specifications of any dollar amount in any representation, warranty or covenant contained in this Agreement nor the inclusion of any specific item in the Schedules is intended to imply that such amount, or higher or lower amounts, or the item so included or other items, are or are not material or would or would not cause, or be expected to cause, a Material Adverse Effect, and no Party shall use the fact of the setting forth of any such amount or the inclusion of any such item in any dispute or controversy between the Parties as to whether any obligation, item or matter not described herein or included in the Schedules is or is not material for purposes of this Agreement. Further, neither the specification of any item or matter in any representation, warranty or covenant contained in this Agreement nor the inclusion of any specific item in the Schedules is intended to imply that such item or matter, or other items or matters, are or are not in the ordinary course of business, and no Party shall use the fact of setting forth or the inclusion of any such items or matter in any dispute or controversy between the Parties as to whether any obligation, item or matter not described herein or included in the Schedules is or is not in the ordinary course of business for purposes of this Agreement.

10.9 No Additional Representations; Disclaimer.

(a) Each Party acknowledges and agrees that none of the other Parties hereto, nor any Person acting on behalf of any Party hereto or any of their respective Affiliates or representatives has made any representation or warranty, express or implied, as to the accuracy or completeness of any information regarding such Party or any of its Subsidiaries or their respective businesses or assets, except as expressly set forth in this Agreement or as and to the extent required by this Agreement to be set forth in the Schedules. Purchaser further agrees that none of EME nor any of its Affiliates or representatives will have or be subject to any liability to Purchaser or any other Person resulting from the distribution to

Purchaser, or Purchaser's use of, any such information and any information, document or material made available to Purchaser or its Affiliates or representatives in connection with the Transactions.

(b) Each Party acknowledges and agrees that except for the representations and warranties expressly set forth in Article 5 and Article 6, the Transaction is being consummated AS IS, WHERE IS AND WITH ALL FAULTS AND WITHOUT ANY WARRANTIES OF MERCHANTABILITY, QUALITY, CONDITION, USAGE, SUITABILITY OR FITNESS FOR INTENDED USE OR OTHER EXPRESSED OR IMPLIED WARRANTY. Each Party acknowledges and agrees that it is consummating the Transaction without any representation or warranty, express or implied, by the other Parties hereto or any of their Affiliates or representatives, except for the representations and warranties expressly set forth in Article 5 and Article 6 hereof.

(c) Purchaser acknowledges and agrees that (i) it has not relied on any representation, warranty, covenant or agreement of EME or its respective Related Persons, other than the express representations, warranties, covenants and agreements of EME set forth in Article 5, (ii) Purchaser has made its own investigation of the Target Holdings and Assumed Liabilities and, based on such investigation and its own conclusions derived from such investigation, has elected to proceed with the transactions contemplated hereby and (iii) no material or information provided by or communications made by (or on behalf of) EME or its Affiliates or their respective Related Persons will create any representation or warranty of any kind, whether express or implied, with respect to the Target Holdings and the title thereto, the operation of the Target Holdings, the Assumed Liabilities, the Business or the prospects (financial and otherwise), risks and other incidents of the Business.

10.10 Counterparts. This Agreement may be executed in multiple counterparts (including by means of telecopied or electronically transmitted signature pages), all of which taken together shall constitute one and the same Agreement.

10.11 GOVERNING LAW; CONSENT TO JURISDICTION; ARBITRATION. THIS AGREEMENT AND EACH ANCILLARY AGREEMENT (AND ANY CLAIMS, CAUSES OF ACTION, ACTIONS, CONTROVERSIES OR DISPUTES THAT MAY BE BASED UPON, ARISE OUT OF OR RELATE HERETO OR THERETO, TO THE TRANSACTIONS CONTEMPLATED HEREBY AND THEREBY, TO THE NEGOTIATION, EXECUTION OR PERFORMANCE HEREOF OR THEREOF, OR TO THE INDUCEMENT OF ANY PARTY TO ENTER HEREIN AND THEREIN, WHETHER FOR BREACH OF CONTRACT, TORTIOUS CONDUCT OR OTHERWISE AND WHETHER PREDICATED ON COMMON LAW, STATUTE OR OTHERWISE) SHALL IN ALL RESPECTS BE CONSTRUED, PERFORMED AND ENFORCED IN ACCORDANCE WITH, AND GOVERNED BY, THE LAWS OF THE STATE OF NEW YORK, INCLUDING ALL MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE (WITHOUT GIVING EFFECT TO THE PRINCIPLES OF CONFLICTS OF LAWS THEREOF, AND WITHOUT THE REQUIREMENT TO ESTABLISH COMMERCIAL NEXUS IN A DELAWARE COUNTY), EXCEPT TO THE EXTENT THAT THE LAWS OF SUCH STATE ARE SUPERSEDED BY THE BANKRUPTCY CODE. FOR SO LONG AS EME IS OR MAY BE SUBJECT TO THE JURISDICTION OF THE BANKRUPTCY COURT, THE PARTIES HERETO IRREVOCABLY ELECT AS THE SOLE JUDICIAL FORUM FOR THE ADJUDICATION OF ANY MATTERS ARISING UNDER OR IN CONNECTION WITH THIS AGREEMENT AND EACH ANCILLARY AGREEMENT (AND ANY CLAIMS, CAUSES OF ACTION, ACTIONS, CONTROVERSIES OR DISPUTES THAT MAY BE BASED UPON, ARISE OUT OF OR RELATE HERETO OR THERETO, TO THE TRANSACTIONS CONTEMPLATED HEREBY AND THEREBY, TO THE NEGOTIATION, EXECUTION OR PERFORMANCE HEREOF OR THEREOF, OR TO THE INDUCEMENT OF ANY PARTY TO ENTER HEREIN AND THEREIN, WHETHER FOR BREACH OF CONTRACT, TORTIOUS CONDUCT OR OTHERWISE AND WHETHER PREDICATED ON COMMON LAW, STATUTE OR OTHERWISE), AND CONSENT TO

THE EXCLUSIVE JURISDICTION OF, THE BANKRUPTCY COURT. ALL DISPUTES ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT OR ANY OF THE ANCILLARY AGREEMENTS SHALL BE SUBMITTED TO THE BANKRUPTCY COURT (UNLESS THE ANCILLARY AGREEMENTS SPECIFY TO THE CONTRARY) AS LONG AS EME IS OR MAY BE SUBJECT TO THE JURISDICTION OF THE BANKRUPTCY COURT. IN THAT CONTEXT, AND WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, EACH OF EME AND PURCHASER BY THIS AGREEMENT IRREVOCABLY AND UNCONDITIONALLY: (1) SUBMITS FOR ITSELF AND ITS PROPERTY IN ANY ACTION RELATING TO THIS AGREEMENT OR ANY OF THE ANCILLARY AGREEMENTS, OR FOR RECOGNITION AND ENFORCEMENT OF ANY JUDGMENT IN RESPECT THEREOF, TO THE EXCLUSIVE JURISDICTION OF THE BANKRUPTCY COURT AND AGREES THAT ALL CLAIMS IN RESPECT OF ANY SUCH ACTION SHALL BE HEARD AND DETERMINED IN THE BANKRUPTCY COURT; (2) CONSENTS THAT ANY SUCH ACTION MAY AND SHALL BE BROUGHT IN SUCH COURT AND WAIVES ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE VENUE OR JURISDICTION OF ANY SUCH ACTION IN ANY SUCH COURT OR THAT SUCH ACTION WAS BROUGHT IN AN INCONVENIENT COURT AND AGREES NOT TO PLEAD OR CLAIM THE SAME; (3) AGREES THAT SERVICE OF PROCESS IN ANY SUCH ACTION MAY BE EFFECTED BY MAILING A COPY OF SUCH PROCESS BY REGISTERED OR CERTIFIED MAIL (OR ANY SUBSTANTIALLY SIMILAR FORM OF MAIL), POSTAGE PREPAID, TO SUCH SERVICE AGENT (AS DEFINED BELOW) ON BEHALF OF PURCHASER AT SERVICE AGENT'S ADDRESS PROVIDED BELOW; AND (4) AGREES THAT NOTHING IN THIS AGREEMENT OR ANY ANCILLARY AGREEMENT SHALL AFFECT THE RIGHT TO EFFECT SERVICE OF PROCESS IN ANY OTHER MANNER PERMITTED BY THE LAWS OF THE STATE OF NEW YORK.

NOTWITHSTANDING ANYTHING IN THIS AGREEMENT TO THE CONTRARY (i) TO THE EXTENT THE BANKRUPTCY COURT REFUSES TO HEAR ANY CASE, ACTION OR DISPUTE ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT OR ANY ANCILLARY AGREEMENT, AND/OR AFTER EME IS NO LONGER SUBJECT TO THE JURISDICTION OF THE BANKRUPTCY COURT OR IF THE BANKRUPTCY COURT OTHERWISE PERMITS, THEN (ii) SUCH CASE OR DISPUTE SHALL THEN BE FINALLY SETTLED BY BINDING ARBITRATION IN CHICAGO, ILLINOIS UNDER THE RULES OF ARBITRATION OF THE INTERNATIONAL CHAMBER OF COMMERCE BY ONE ARBITRATOR APPOINTED IN ACCORDANCE WITH THE SAID RULES IN CHICAGO, ILLINOIS; PROVIDED, HOWEVER, THAT THIS PARAGRAPH SHALL NOT PRECLUDE ANY CLAIM FOR SPECIFIC PERFORMANCE OR OTHER INJUNCTIVE RELIEF FROM BEING ASSERTED IN ANY COURT OF COMPETENT JURISDICTION IF THE CONDITIONS IN CLAUSE (i) OF THIS PARAGRAPH ARE OTHERWISE SATISFIED.

10.12 Payments Under Agreement. Each Party agrees that all amounts required to be paid hereunder shall be paid in United States currency and without discount, rebate or reduction and subject to no counterclaim or offset on the dates specified herein (with time being of the essence).

10.13 Third-Party Beneficiaries and Obligations. This Agreement shall inure to the benefit of and be binding upon the Parties hereto and their respective successors and assigns. Each of the Supporting Noteholders, the PoJo Parties and the UCC are intended third party beneficiaries of this Agreement and have the right to enforce the terms of this Agreement against the Parties; provided that the rights under this sentence shall terminate and be of no further force or effect automatically upon termination of the Plan Support Agreement for any reason. Except as expressly set forth herein, nothing in this Agreement is intended to or shall confer upon any Person other than the Parties hereto or their respective successors and permitted assigns, any rights, remedies or liabilities under or by reason of this

Agreement, other than (a) the provisions of this Agreement which are specifically for the benefit of the Related Persons of EME and the Homer City Debtors, each of which is an express third-party beneficiary of each such provision, entitled to enforce such provision in accordance with its terms and (b) current and former officers, directors and employees are express third-party beneficiaries of Section 9.7, entitled to enforce the terms thereof in accordance with their terms.

10.14 Waiver of Bulk Sales Laws. Each of the Parties acknowledges and agrees that neither EME nor any of its Subsidiaries will comply with, and hereby waives compliance by EME and its Subsidiaries with, any "bulk sales," "bulk transfer" or similar Law relating to the transactions contemplated hereby.

10.15 WAIVER OF JURY TRIAL. THE PARTIES TO THIS AGREEMENT EACH HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY RIGHT TO A JURY TRIAL OF ANY CLAIM, DEMAND, ACTION, OR CAUSE OF ACTION (I) ARISING UNDER THIS AGREEMENT OR THE ANCILLARY AGREEMENTS OR (II) IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE DEALINGS OF THE PARTIES HERETO IN RESPECT OF THIS AGREEMENT OR THE ANCILLARY AGREEMENTS OR ANY OF THE TRANSACTIONS RELATED HERETO OR THERETO, IN EACH CASE WHETHER NOW EXISTING OR HEREAFTER ARISING, AND WHETHER IN CONTRACT, TORT, EQUITY, OR OTHERWISE. THE PARTIES TO THIS AGREEMENT EACH HEREBY AGREES AND CONSENTS THAT ANY SUCH CLAIM, DEMAND, ACTION, OR CAUSE OF ACTION SHALL BE DECIDED BY COURT TRIAL WITHOUT A JURY AND THAT THE PARTIES TO THIS AGREEMENT MAY FILE AN ORIGINAL COUNTERPART OF A COPY OF THIS AGREEMENT WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF THE PARTIES HERETO TO THE WAIVER OF THEIR RIGHT TO TRIAL BY JURY.

10.16 Relationship of Parties. Except as specifically provided herein, none of the Parties will act or represent or hold itself out as having authority to act as an agent or partner of the other Parties or in any way bind or commit the other Parties to any obligations or agreement. Nothing contained in this Agreement will be construed as creating a partnership, joint venture, agency, trust, fiduciary relationship or other association of any kind, each Party being individually responsible only for its obligations as set forth in this Agreement. The Parties' respective rights and obligations hereunder are limited to the contractual rights and obligations expressly set forth herein on the terms and conditions set forth herein.

10.17 Specific Performance. Each Party acknowledges and agrees that irreparable damage for which damages, even if available, would not be an adequate remedy would occur in the event that any of the provisions of this Agreement (including the taking of such actions as are required of such Party hereunder to consummate and cause the consummation of the Transaction) were not performed by such Party in accordance with their specific terms or were otherwise breached by any Party. It is accordingly agreed that each Party shall be entitled (in addition to any other remedy that may be available to it, whether at Law or in equity, including monetary damages, except as limited by this Agreement) to seek and obtain (a) an Order of specific performance or other equitable relief to enforce the observance and performance of such covenant or obligation, and (b) an injunction or other equitable relief restraining such breach or threatened breach, in each case without proof of damages or otherwise; provided that, without limiting the termination rights of each Party pursuant to Section 7.1, prior to termination of this Agreement, EME shall seek specific performance, injunctive relief or other equitable relief prior to seeking monetary damages from the Purchaser Parties. The Parties further agree that the provisions of Section 7.2 are not intended to and do not adequately compensate for the harm that would result from a breach of this Agreement and shall not be construed to diminish or otherwise impair in any respect any party's right to specific enforcement and that the rights granted under this Section 10.17 are an integral part of this Agreement and that the Parties would not have executed and delivered this Agreement without

the provisions of this Section 10.17 and the rights granted to such Party hereunder. Each Party further agrees that neither party shall be required to obtain, furnish or post any bond or similar instrument in connection with or as a condition to obtaining any remedy referred to in this Section 10.17. Each Party agrees that it waives the defense that there is an adequate remedy at Law, or that any award of specific performance, injunctive relief or other equitable relief is not an appropriate remedy for any reason at Law or in equity, with respect to any claim pursued pursuant to this Section 10.17. After valid termination of this Agreement, the right of specific performance provided for in Section 10.17 shall only be available with respect to the Surviving Provisions.

10.18 Usage.

(a) Whenever the words "include," "includes" or "including" are used in this Agreement, they shall be deemed to be followed by the words "without limitation."

(b) Words denoting any gender shall include all genders. Where a word is defined herein, references to the singular shall include references to the plural and vice versa.

(c) A reference to any Party to this Agreement or any other agreement or document shall include such Party's successors and permitted assigns.

(d) All references to "$" and dollars shall be deemed to refer to United States currency unless otherwise specifically provided.

(e) All references to a day or days shall be deemed to refer to a calendar day or calendar days, as applicable, unless otherwise specifically provided.

(f) Any reference to any agreement or contract referenced herein or in the Schedules shall be a reference to such agreement or contract, as amended, modified, supplemented or waived.

(g) The phrase "to the extent" means "the degree by which" and not "if."

(h) The definitions on Annex I are incorporated into this Agreement as if fully set forth at length herein and all references to a "Section" in such Annex I are references to such Section of this Agreement.

* * * *

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the date first written above.

EDISON MISSION ENERGY

/s/ Pedro Pizarro
By: Pedro Pizarro
Its: President

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the date first written above.

NRG ENERGY, INC.

/s/ Christopher S. Sotos

By: Christopher S. Sotos
Its: SVP — Strategy and M&A

NRG ENERGY HOLDINGS INC.

/s/ Christopher S. Sotos

By: Christopher S. Sotos
Its: Vice President

ANNEX 1

DEFINITIONS

For purposes of this Agreement, the following terms shall have the following meanings:

"Acceptable Appraiser" means an independent third-party appraiser mutually agreed by both Parties or, if such agreement is not reached within 10 Business Days after demand therefor by either Party, by the Bankruptcy Court upon petition of either Party.

"Accounting Principles" means (i) in the case of Closing Cash, the accounting principles, methodologies, practices, estimation techniques, assumptions, policies and other principles used in the calculation of the various components of Cash in the preparation of the consolidated balance sheet for EME and its Subsidiaries included with EME's Form 10Q for the fiscal quarter ended March 31, 2013 and (ii) in the case of Closing Debt, the accounting principles, methodologies, practices, estimation techniques, assumptions, policies and other principles used in the calculation of the various components of Debt in the preparation of the July monthly operating report for EME and its Subsidiaries filed with the Bankruptcy Court; provided that such monthly report is, with respect to the components of Debt, prepared consistent with GAAP.

"Acquired Companies" shall have the meaning set forth in the Recitals.

"Acquired Company Employee" means any individual who is employed by an Acquired Company as of the Closing Date.

"Acquisition Proposal" means, other than with respect to any assets proposed to be included as part of any Permitted Asset Disposal, any Non-Core Assets, any Excluded Assets or any assets that EME or any Acquired Company is required to sell, transfer or convey as a result of any Order of a Governmental Authority in connection with the Chevron Litigation, any bona fide proposal or offer relating to (a) a merger, joint venture, partnership, consolidation, dissolution, liquidation, tender offer (including a self-tender offer), recapitalization (including a leveraged recapitalization or extraordinary dividend), reorganization, share exchange, business combination or similar transaction involving EME (or any Acquired Company or Acquired Companies), (b) the acquisition of outstanding shares of any class of capital stock of EME, (c) the acquisition, outside of the ordinary course of business, of assets of EME (or any Acquired Company or Acquired Companies), including, for this purpose, the outstanding assets and equity interests of the Acquired Companies, or (d) any other transaction the consummation of which would reasonably be expected to interfere with or prevent the Transactions, and in each case other than the transactions contemplated by this Agreement.

"Additional Conveyance Documents" shall have the meaning set forth in Section 2.1.

"Additional Liabilities Assumption Documents" shall have the meaning set forth in Section 2.1.

"Adjusted Base Purchase Price" shall have the meaning set forth in Section 1.2(a).

"Affiliate" means any Person that directly, or indirectly through one or more intermediaries, controls or is controlled by or is under common control with the Person specified, and the term "control" (including the terms "controlled by" and "under common control with") means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through ownership of voting securities, by contract or otherwise.

"Affiliated Group" means any affiliated group within the meaning of Code § 1504(a) or any similar group defined under a similar provision of state, local, or foreign Law.

"Agreed Incremental Tax Attribute Value" shall have the meaning set forth in a Tax Attributes Agreement, if any.

"Agreed PoJo Cure Amount" means (i) the sum of all amounts due under the Facility Leases, including, without limitation, all accrued and unpaid (x) Basic Lease Rent due and payable on any Rent Payment Date occurring prior to the Plan Effective Date (including interest on any overdue principal and overdue interest at the Overdue Rate) and (y) Supplemental Lease Rent minus (ii) the sum of all payments made in respect of Rent pursuant to any forbearance, extension, or other agreement with any of the PoJo Parties including the "Initial Payment" made under the Forbearance Agreement by and among the PoJo Parties dated December 16, 2012. Capitalized terms used in this definition but not otherwise defined herein shall have the meanings set forth in the PoJo Leases and Documents. For the avoidance of doubt, the Parties agree that the Agreed PoJo Cure-Amount is reflected on, and will be calculated as set forth on**,** Exhibit F.

"Agreement" shall have the meaning set forth in the Preamble.

"Allowed" means (i) a Claim or interest that is (a) listed in the bankruptcy schedules filed in the Chapter 11 Cases as of the Plan Effective Date as not disputed, not contingent, and not unliquidated, or (b) evidenced by a valid proof of claim, filed by the applicable bar date and no longer subject to EME or any Debtor Subsidiary or Purchaser Parties' rights to file an objection to such proof of claim, or (ii) a Claim that is expressly allowed pursuant to the Plan or any stipulation approved by or as otherwise set forth in a Final Order of the Bankruptcy Court.

"Alternative Acquisition Agreement" shall have the meaning set forth in Section 4.6(a).

"Ancillary Agreements" means the Plan, the PSA Order, and the Confirmation Order, the agreements among the Parties contemplated thereby, and any other agreement to be entered into by the Parties or their Affiliates in connection with the transactions contemplated hereby or thereby on or after the date hereof.

"Antitrust Law" means, collectively, the HSR Act, title 15 of the United States Code §§ 1-7, as amended (the Sherman Act), Title 15 of the United States Code §§ 12-27 and Title 29 of the United States Code §§ 52-53, as amended (the Clayton Act), the Federal Trade

Commission Act (15 U.S.C.§ 41 et seq.), as amended, the Anti-Monopoly Law and its implementing regulations, and the rules and regulations promulgated thereunder, and any other Laws and Orders that are designed or intended to prohibit, restrict or regulate actions having the purpose or effect of monopolization or restraint of trade or lessening of competition through merger or acquisition, as such of the foregoing are enacted and in effect as of the date hereof, including any International Competition Laws.

"Asset Sale Treatment" shall have the meaning set forth in Section 9.5(c).

"Assumed Contract" shall have the meaning set forth in Section 4.5(c).

"Assumed Contracts List" shall have the meaning set forth in Section 4.5(c).

"Assumed Liabilities" means the EME Assumed Liabilities and the Debtor Subsidiary Assumed Liabilities.

"Assumed Rejection Liabilities" shall have the meaning set forth in Section 1.6(c).

"Available Contract List" shall have the meaning set forth in Section 4.5(a).

"Available Contracts" shall have the meaning set forth in Section 4.5(a).

"Available Contracts Notice" shall have the meaning set forth in Section 4.5(b).

"Available Credit Facilities" shall have the meaning set forth in Section 6.5.

"Available Proceeds" means insurance proceeds or condemnation awards paid to EME and/or an Acquired Company in respect of a Casualty or Condemnation Loss and, after the Closing, Purchaser and/or an Acquired Company that, as of the Closing Date, has not yet been spent on repairs or restoration or otherwise reinvested in operating assets.

"Bankruptcy Code" means Title 11 of the United States Code, as amended.

"Bankruptcy Court" means the United States Bankruptcy Court for the Northern District of Illinois or such other court having jurisdiction over the Chapter 11 Cases originally administered in the United States Bankruptcy Court of the Northern District of Illinois.

"Bankruptcy Rules" means the Federal Rules of Bankruptcy Procedure.

"Base Purchase Price" shall have the meaning set forth in Section 1.2(a).

"Basic Lease Rent" shall have the meaning given to such term in the PoJo Leases and Operative Documents.

"Benefit Period" shall have the meaning set forth in Section 9.6(d).

"Break-Up Fee" shall have the meaning set forth in Section 7.2(b).

"Business" means the power generation business, including wind, gas, and coal, and energy marketing and trading business of EME and its Subsidiaries.

"Business Day" means any day, other than a Saturday, Sunday, or any other date on which banks located in Chicago, Illinois are closed for business as a result of federal, state or local holiday.

"Business Employee" means any current or former employee of EME or any Acquired Company (including, for the avoidance of doubt, any individual who (i) is not actively at work by reason of illness, paid time off, short-term disability, long-term disability, workers' compensation or other leave of absence or (ii) is, or is expected to become, an employee of EME or any Acquired Company) or who is otherwise set forth on Schedule A-1.

"Cash" means the sum, without duplication, of (i) the aggregate amount of cash and cash equivalents, restricted cash and cash equivalents, and margin and collateral deposits of EME and the Acquired Companies to the extent the same would be included on a consolidated balance sheet for EME prepared using the Accounting Principles and (ii) to the extent not included in (i), the aggregate amount of cash and cash equivalents, restricted cash and cash equivalents and margin and collateral deposits of any Partially-Owned Company multiplied by the percentage of outstanding equity interests of such Partially-Owned Company owned (before giving effect to the transactions contemplated hereby), directly or indirectly, by EME; provided that, for purposes of clause (ii) foregoing, to the extent that there is more than one class of equity, the portion that would be received by EME or any of its Subsidiaries if such aggregate amount was distributed at the time of determination in complete liquidation, dissolution or winding up of such Partially-Owned Company.

"Cash Purchase Price" shall have the meaning set forth in Section 1.2(a).

"Cash Target" means the amount equal to (a) $1,063,000,000, minus (b) the aggregate amount paid by EME or any of its Subsidiaries in respect of Basic Lease Rent due and payable on or after January 2, 2014, plus (c) the Available Proceeds received in respect of a Casualty or Condemnation Loss, plus (d) the proceeds received in the event that EME or any Acquired Company is required to sell, transfer or convey assets as a result of any Order of a Governmental Authority in connection with the Chevron Litigation.

"Casualty or Condemnation Loss" means an Event of Loss or a Taking.

"Chapter 11 Cases" shall have the meaning set forth in the Recitals.

"Chevron Litigation" means the adversary proceeding styled Chevron Kern River Co. v. Southern Sierra Energy Co., No. 12-01954 (JPC) (Bankr. N.D. Ill.), the appeal styled Chevron Kern River Co. v. Southern Sierra Energy Co., No. 13-00848 (CRN) (N.D. Ill.), together with any related appeals, and any other contested matter or dispute arising in connection with the Chapter 11 Cases (including litigation stemming from Debtors' motion to assume gas partnership agreements) between or among: Southern Sierra Energy Company, Western Sierra Energy Company, any of the other Debtors, or any of the Non-Debtor Subsidiaries, on one hand; and Chevron Corporation or any Affiliated thereof, on the other.

"Claims" means all claims, defenses, cross claims, counter claims, debts, suits, remedies, liabilities, demands, rights, obligations, damages, expenses, rights to refunds, reimbursement, recovery, indemnification or contribution, attorneys' or other professionals' fees and causes of action whatsoever, whether based on or sounding in or alleging (in whole or in part) tort, contract, negligence, gross negligence, strict liability, bad faith, contribution, subrogation, respondeat superior, violations of federal or state securities Laws, breach of fiduciary duty, any other legal theory or otherwise, whether individual, class, direct or derivative in nature, liquidated or unliquidated, fixed or contingent, whether at Law or in equity, whether based on federal, state or foreign law or right of action, foreseen or unforeseen, mature or not mature, known or unknown, disputed or undisputed, accrued or not accrued, contingent or absolute (including all causes of action arising under Sections 510, 544 through 551 and 553 of the Bankruptcy Code or under similar state Laws including fraudulent conveyance claims, and all other causes of action of a trustee and debtor-in-possession under the Bankruptcy Code) or rights of set-off.

"Closing" shall have the meaning set forth in Section 1.9.

"Closing Cash" means the excess of (i) amount of Cash as of 12:00 a.m. on the Closing Date, minus (ii) the amount of Cash specifically associated with the Non-Core Assets as of such time, but specifically excludes any Cash received by EME or any of the Acquired Companies with respect to the sale, transfer or conveyance of any such Non-Core Assets after the date hereof and prior to such time. For the avoidance of doubt, the amount of Cash specifically associated with the Non-Core Projects at March 31, 2013 was approximately $5,100,000 and it is intended that clause (ii) of this definition would be calculated in a manner consistent therewith.

"Closing Date" shall have the meaning set forth in Section 1.9.

"Closing Debt" means the aggregate amount of Debt as of 12:00 a.m. on the Closing Date.

"Closing Support Obligations" shall have the meaning set forth in Section 9.9(a).

"Code" means the Internal Revenue Code of 1986, as amended.

"Collective Bargaining Agreements" means a collective bargaining agreement or similar agreement covering any Acquired Company Employee, as may be amended from time to time.

"Condemnation Value" means the value (as determined by an Acceptable Appraiser) of the property subject to a Taking, less any condemnation award received by EME or any of an Acquired Company.

"Confidentiality Agreement" shall mean that certain confidentiality agreement dated September 30, 2013 between EME and Purchaser.

"Confirmation Hearing" means a hearing in front of the Bankruptcy Court seeking approval of the Confirmation Order.

"Confirmation Order" shall have the meaning set forth in Section 8.1(a).

"Contract" means any contract, agreement, indenture, note, bond, mortgage, loan, instrument, lease, license, commitment or other arrangement, understanding, undertaking, commitment or obligation, whether written or oral, other than Real Property Leases.

"Covered EME Claim" shall have the meaning set forth in Section 9.13.

"Cure Amount Objection Deadline" shall have the meaning set forth in Section 4.5(b).

"Cure Amounts" means, with respect to any Available Contract, the amount of cash necessary to pay in full and otherwise satisfy in full all amounts and other consideration that pursuant to Sections 365 and 1123 of the Bankruptcy Code shall be required to cure any defaults on the part of EME or the Acquired Companies pursuant to such Available Contract as a prerequisite to the assignment and assumption of such Available Contract pursuant to Sections 365 and 1123 of the Bankruptcy Code, as such amount is finally determined pursuant to Section 4.5.

"Days Off Accrual" shall have the meaning set forth in Section 9.6(h).

"Debt" means the aggregate principal amount of debt for borrowed money of EME's Subsidiaries to the extent the same would be included on a consolidated balance sheet for EME prepared using the Accounting Principles; provided that "Debt" shall not include (a) any debt for borrowed money or other liability of MWG and its Subsidiaries (including any MWG Permitted Debt), (b) any "intercompany" indebtedness (including any debt for borrowed money owed by any Acquired Company to any other Acquired Company) or (c) any Excluded Liabilities.

"Debt Target" means $1,545,000,000, minus any Debt transferred or being transferred (including through the sale of a Person holding such Debt) in connection with the sale, conveyance or transfer of any Permitted Asset Disposal, or the sale, conveyance or transfer of any Non-Core Asset minus in the event that EME or any Acquired Company is required to sell, transfer or convey assets as a result of any Order of a Governmental Authority in connection with the Chevron Litigation, any Debt transferred or being transferred (including through the sale of a Person holding such Debt) in connection with the sale, transfer or conveyance of such asset, and minus the Debt amortization specifically with respect to any Non-Core Assets after the date of this Agreement and prior to 12:00 a.m. on the Closing Date.

"Debtor Subsidiaries" means Camino Energy Company, Chestnut Ridge Energy Company, Edison Mission Energy Fuel Services, LLC, Edison Mission Finance Co., Edison Mission Fuel Resources, Inc., Edison Mission Fuel Transportation, Inc., Edison Mission Holdings Co., EME Homer City Generation L.P., Edison Mission Midwest Holdings Co., Homer City Property Holdings, Inc., Mission Energy Westside, Inc., Midwest Finance Corp., Midwest Generation EME, LLC, MWG, Midwest Generation Procurement Services, LLC, Midwest Peaker Holdings, Inc., San Joaquin Energy Company, Southern Sierra Energy Company, Western Sierra Energy Company and each other Acquired Company that files as a debtor in the Chapter 11 Cases.

"Debtor Subsidiary Assumed Liabilities" shall have the meaning set forth in Section 1.6(c).

"Debtor Subsidiary Assumed Rejection Liabilities" shall have the meaning set forth in Section 1.6(c).

"Deemed Disclosed" means (i) the document or information was disclosed in a filing made by or on behalf of EME or any of its Subsidiaries in the Chapter 11 Cases prior to the date hereof or (ii) the document or information was included in an EME SEC Report.

"Disclosure Statement" shall have the meaning set forth in Section 8.1(b).

"Disclosure Statement Order" shall have the meaning set forth in Section 8.1(b).

"Edison Marks" shall have the meaning set forth in Section 9.14.

"EIX" means Edison International, Inc., a California corporation.

"EIX 401(k) Plan" shall have the meaning set forth in Section 9.6(j).

"EIX Litigation Claims" means that term as defined in the Plan Term Sheet.

"EIX Litigation Parties" means that term as defined in the Plan Term Sheet.

"EIX Midwest Gen Plan" shall have the meaning set forth in Section 9.6(j).

"Eligible Employees" means (i) current employees of EME (other than, for the avoidance of doubt, Acquired Company Employees) (including, for the avoidance of doubt, any individual who (A) is not actively at work by reason of illness, paid time off, short-term disability or other leave of absence or (B) is, or is expected to become, an employee of EME), or (ii) any employee who is otherwise listed on Schedule A-2.

"EME" shall have the meaning set forth in the Preamble.

"EME 401(k) Plan" shall have the meaning set forth in Section 9.6(j).

"EME Account" shall have the meaning set forth in Section 2.2(a).

"EME Assumed Liabilities" shall have the meaning set forth in Section 1.6(b).

"EME Assumed Rejection Liabilities" shall have the meaning set forth in Section 1.6(b).

"EME Designated Contacts" shall have the meaning set forth in Section 4.2.

"EME Material Adverse Effect" means a material adverse effect upon the business, assets, properties, results of operations or condition (financial or otherwise) of the Business, taken as a whole; provided that none of the following, either alone or taken together with other changes or effects, shall constitute or be taken into account in determining whether

there has been an EME Material Adverse Effect: (i) changes in, or effects arising from or relating to, general business or economic conditions affecting the industry in which the Business is operated, (ii) changes in, or effects arising from or relating to, national or international political or social conditions, including the engagement by the United States in hostilities or the escalation thereof, whether or not pursuant to the declaration of a national emergency or war, or the occurrence or the escalation of any military, cyber or terrorist attack upon the United States, or any of its territories, possessions, or diplomatic or consular offices or upon any military installation, asset, equipment or personnel of the United States, (iii) changes in, or effects arising from or relating to, financial, banking, securities or commodities markets (including (V) any change in commodity prices (including, without limitation, the price of natural gas, coal and/or electricity), (W) any disruption of any of the foregoing markets, (X) any change in currency exchange rates, (Y) any decline or rise in the price of any security, commodity, contract or index and (Z) any increased cost, or decreased availability, of capital or pricing or terms related to any financing for the transactions contemplated hereby, (iv) changes in, or effects arising from or relating to changes in, GAAP, (v) changes in, or effects arising from or relating to changes in, Laws, Orders, or other binding directives or determinations issued or made by or agreements with or consents of any Governmental Authority, (vi) changes in, or effects arising from or relating to, the taking of any action expressly contemplated by this Agreement, the announcement of this Agreement, or the Transaction, (vii) any existing event, occurrence, or circumstance with respect to which Purchaser has knowledge as of the date hereof (including any matter set forth in the EME SEC Reports), (viii) changes or effects that generally affect the electric power industry, electric power markets and/or electric power transmission and/or distribution, (ix) any failure, in and of itself, to achieve any projections, forecasts, estimates, plans, predictions, performance metrics or operating statistics or the inputs into such items (whether or not shared with Purchaser or its Affiliates or representatives), (x) any adverse change in or effect on the Business that is cured by or on behalf of any member of the Acquired Companies before the earlier of the Closing Date and the date on which this Agreement is terminated pursuant to Article 7, (xi) any adverse change in or effect on the Business that is caused by any delay in consummating the Closing as a result of any violation or breach by Purchaser of any covenant, representation or warranty contained in this Agreement or Purchaser's removal of any Available Contract from the Assumed Contract List, (xii) any changes or effects caused by or relating to the identity of Purchaser, (xiii) any changes or effects caused by or relating to the Chapter 11 Cases (including loss of credit and other third-party business relations matters), (xiv) a Major Loss, (xv) a Walnut Creek Loss, (xvi) the Chevron Litigation or an Order or determination in connection therewith, (xvii) the loss of the services of any employee(s), whether as a result of a strike, work stoppage or otherwise, (xviii) changes in or effects relating to Excluded Assets, Excluded Liabilities or Non-Core Assets, or (xix) the absence of any variances or waivers with respect to any Acquired Company from the IPCB; provided that, with respect to clauses (i), (iii) through (v) and (viii), such effects may be considered in determining whether there has been an EME Material Adverse Effect to the extent such effects have a disproportionate effect on the Business, taken as a whole, as compared to other Persons engaged in the same industry (or, in the case of clause (v), other Persons engaged in the same industry in the same jurisdiction(s) where such Laws, Orders, or other binding directives or determinations issued or made by or agreements with or consents of any Governmental Authority have effect). For the avoidance of doubt, the condition set forth in Section 3.2(d) shall not be deemed an acknowledgment, admission or other concession on the

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part of (a) EME that a loss in excess of 20% of the Stipulated Transaction Value constitutes an EME Material Adverse Effect, or (b) Purchaser Parties that a loss less than or equal to 20% of the Stipulated Transaction Value does not constitute an EME Material Adverse Effect, and such provision shall have no effect on the interpretation of this definition.

"EME SEC Reports" means each report, filing and document made by EME or any of its Subsidiaries on or after December 17, 2012 and prior to the date hereof, as amended prior to the date hereof.

"EME Severance Plans" shall mean the EME Severance Pay Plan and EME Exeuctive Severance Pay Plan which shall be drafted and adopted by EME between the date hereof and the Closing Date to mirror, respectively, the "Edison International Involuntary Severance Plan" and "Edison International 2008 Executive Severance Plan" as in effect immediately prior to the date hereof; provided, however, for the avoidance of doubt, that in no event shall the EME Severance Plans provide cash based severance or other compensation in excess of such benefits provided under the Edison International Involuntary Severance Plan and Edison International 2008 Executive Severance Plan, respectively.

"Employee Benefit Plan" means each "employee benefit plan" (as such term is defined in ERISA §3(3)) and each other material employee benefit plan, program or arrangement that is sponsored or maintained or contributed to by EME or any Acquired Companies or any ERISA Affiliate as of the Closing Date on behalf of any current or former employees of EME or any Acquired Company.

"Employee Welfare Benefit Plan" has the meaning set forth in ERISA §3(1).

"EMRA Approval" means any necessary approval from the Republic of Turkey Energy Market Regulatory Authority or any other Governmental Authority to transfer the interests in Doga Enerji Uretim Sanayi ve Ticaret L.S., Doga Isi Satis Hizmetleri ve Ticaret L.S., and Doga Isletme ve Bakim Ticaret L.S.

"ERISA" means the United States Employee Retirement Income Security Act of 1974, as amended.

"ERISA Affiliate" means each entity that is treated as a single employer with the members of the Acquired Companies for purposes of Code § 414.

"Estimated Adjusted Base Purchase Price" shall have the meaning set forth in Section 1.2(b).

"Estimated Cash Purchase Price" shall have the meaning set forth in Section 1.2(b).

"Estimated Cash Target" shall have the meaning set forth in Section 1.2(b).

"Estimated Closing Cash" shall have the meaning set forth in Section 1.2(b).

"Estimated Closing Debt" shall have the meaning set forth in Section 1.2(b).

"Estimated Debt Target" shall have the meaning set forth in Section 1.2(b).

"Event of Loss" shall have the meaning set forth in Section 4.9.

"Excess Amount" shall have the meaning set forth in Section 1.3(c).

"Excess Loss Amount" means the lesser of (a) 10% of the Stipulated Transaction Value and (b) the amount by which (x) the total remaining costs (as determined by an Acceptable Appraiser) as of the Closing Date of repairing or restoring the facilities that suffered a Casualty or Condemnation Loss to a condition reasonably comparable to their condition prior to such Casualty or Condemnation Loss after giving effect to any Available Proceeds, exceeds (y) the amount equal to 10% of the Stipulated Transaction Value.

"Excluded Assets" shall have the meaning set forth in Section 1.5.

"Excluded Assets Contribution" shall have the meaning set forth in Section 1.8(a).

"Excluded Employee" shall have the meaning set forth in Section 9.6(a).

"Excluded Employee Benefit Plans" shall have the meaning set forth in Section 1.5.

"Excluded Employee Liabilities" means any Liabilities (i) of EME or any Debtor Subsidiary (x) under the Corporate Short-Term Incentive Plan and Edison Mission Energy 2013-2014 Long Term Incentive Plan, or any other post-petition bonus or incentive plans of the Debtor Entities or (y) for any change in control, retention or similar payments arising from the Transaction or severance obligations arising from a termination of employment prior to the Closing Date, in each case under applicable employment agreements or employee programs of the Debtor Entities, EME or any of their Affiliates, (ii) of EME or any Subsidiary to employees, former employees, retirees and retiree eligible employees (including any beneficiaries or dependents thereof) of EME and its Subsidiaries under any applicable pension, PBOP (post-retirement benefits other than pension), non-qualified, or any other benefit plans providing post-retirement benefits other than the EME 401(k) Plan and the Mirror Pension Plan (including claims arising under a theory of control group liability under Title IV of ERISA), and (iii) of EME or any Subsidiary thereof payable on termination to such Business Employees of EME and the Acquired Companies set forth on Schedule 9.6(f).

"Excluded Liabilities" shall have the meaning set forth in Section 1.7.

"Excluded Rejection Liabilities" shall have the meaning set forth in Section 1.7(d).

"Excluded Tax Liabilities" means (i) any and all Taxes owing to any Governmental Authority, in each case which are imposed on, or are attributable to the operations, assets, revenues, sales, payroll or income of, (a) except to the extent attributable to the Business for taxable periods, or portions of taxable periods, beginning after the Closing Date, EME or its Affiliates (other than the Acquired Companies) for any Taxable period, or (b) any

Acquired Company with respect to any Taxable period, or a portion of a Taxable period (including quarterly estimated Tax periods) ending on or prior to the Closing Date, but excluding those Taxes (other than those specified in the following clause (ii)) that are not due and payable until after the Closing Date if such Taxes may be paid after the Closing Date without interest or penalty, (ii) without limiting any rights of EME pursuant to Section 9.5(c) or Section 9.5(d), (a) any Income Taxes payable by EME or any Acquired Company as a result of the Transaction or in respect of any cancellation of indebtedness income recognized in connection with the consummation of any of the transactions set forth in the Plan, and (b) any and all Taxes related to transactions undertaken pursuant to Section 1.8 or Section 4.8, or to the conversion of the Wholly Owned Companies to limited liability companies hereunder or (iii) any liability in respect of Taxes described in the preceding clauses (i) and (ii) as a result of the application of U.S. Treasury Regulation § 1.1502-6 or any comparable provision of state, local or foreign Law, as a transferee or successor.

"Expense Reimbursement" shall have the meaning set forth in Section 7.2(b).

"FERC" means the Federal Energy Regulatory Commission.

"FERC Filings" shall have the meaning set forth in Section 4.7(a).

"Final Cash Purchase Price" shall have the meaning set forth in Section 1.3(b).

"Final Order" means, as applicable, an order or judgment of the Bankruptcy Court or other court of competent jurisdiction with respect to the relevant subject matter which has not been reversed, stayed, modified, or amended, as to which the time to appeal or seek certiorari has expired or been waived by the Debtors (as defined in the Plan) and no appeal or petition for certiorari has been timely taken, or as to which any appeal that has been taken or any petition for certiorari that has been or may be filed has been resolved by the highest court to which the order or judgment was appealed or from which certiorari was sought; provided, that the possibility that a motion under Rule 60 of the Federal Rules of Civil Procedure, or any analogous rule under the Bankruptcy Rules or the Local Bankruptcy Rules of the Bankruptcy Court, may be filed relating to such order shall not prevent such order from being a Final Order; provided, further, that the Debtors reserve the right to waive any appeal period related to the Purchase and Sale Agreement or the transactions contemplated thereby with the consent of Purchaser.

"Form S-1" shall have the meaning set forth in Section 4.10(a).

"GAAP" means United States generally accepted accounting principles.

"Governmental Approvals" shall have the meaning set forth in Section 3.1(c)(iii).

"Governmental Authority" means any U.S. or foreign, federal, state, regional or local government, governmental agency, committee of governmental agencies, department, bureau, office, commission, authority or instrumentality, or court of competent jurisdiction.

"Homer City Debtors" means Chestnut Ridge Energy Company, Edison Mission Energy Services, Inc., Edison Mission Finance Co., Edison Mission Holdings Co., EME Homer City Generation L.P., Homer City Property Holdings, Inc., and Mission Energy Westside, Inc.

"HSR Act" means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended.

"IPCB" means the Illinois Pollution Control Board.

"Income Taxes" means all federal, state, local, and foreign income Taxes or other Taxes based on or measured by income, net worth or receipts including any franchise Taxes measured by or based upon income or receipts.

"Intercompany Accounts" shall have the meaning set forth in Section 9.11.

"Joliet Owner Lessors" means Nesbitt Asset Recovery Series J-1 and Joliet Trust II.

"Joliet Parties" means, collectively, MWG, the Joliet Owner Lessors, Wilmington Trust Company (as Owner Trustee), Nesbitt Asset Recovery LLC, Series J-1 (as Owner Participant), Joliet Generation II, LLC (as Owner Participant), The Bank of New York Mellon (as the successor Lease Indenture Trustee), and The Bank of New York Mellon, as the successor Pass Through Trustee.

"Knowledge of EME" means, and shall be limited to, the actual knowledge of the individuals set forth on Schedule A-3.

"Law" means any United States or foreign, federal, state or local law (including common law), statute, code, ordinance, rule, regulation, Order or other requirement of any Governmental Authority, as each of the foregoing is enacted and in effect as of the date hereof.

"Legal Proceeding" means any judicial, administrative or arbitral actions, suits, mediation, investigation, inquiry, proceedings or claims (including counterclaims) by or before a Governmental Authority.

"Leverage Event" shall have the meaning set forth in Section 3.2(f).

"Liabilities" means, as to any Person, all indebtedness, claims of any kind or nature, including contingent or unliquidated claims, interests, commitments, responsibilities and obligations of any kind or nature whatsoever, direct or indirect, absolute or contingent, whether known or unknown, accrued or unaccrued, disputed or undisputed, liquidated or unliquidated, secured or unsecured, joint or several, due or to become due, vested or unvested, executory, determined, determinable or otherwise, and whether or not actually reflected, or required to be reflected, in such Person's balance sheet or other books and records, including Taxes.

"Lien" means any mortgage, pledge, lien, encumbrance, or other security interest, claim, community or other marital property interest, equitable interest, option, right of way, easement, encroachment, servitude, right of first option, right of first refusal or similar restriction, including any restriction on use, voting (in the case of any security or equity interest), transfer, receipt of income or exercise of any other attribute of ownership. For the avoidance of doubt, "Lien" shall not be deemed to include any license of intellectual property.

"Losses" means actual direct, out-of-pocket losses, liabilities, damages or expenses (including reasonable legal fees). "Losses" shall not include any consequential, punitive, special, incidental and indirect damages, and special or indirect losses, including business interruption, loss of future revenue, profits or income, diminution in value, loss of business reputation or opportunity or any damages based on a multiple, except to the extent in each case payable to third parties.

"Major Loss" shall have the meaning set forth in Section 4.9(b).

"Midwest Gen Union Employees" shall have the meaning set forth in Section 9.6(k).

"Mirror Pension Plan" shall have the meaning set forth in Section 9.6(k).

"MWG" means Midwest Generation, LLC, a Delaware limited liability company.

"MWG Intercompany Notes" means the intercompany notes, dated August 24, 2000, issued by EME in favor of MWG, as the same has been or may be amended or modified from time to time.

"MWG Permitted Debt" means any indebtedness under any certain postpetition intercompany loan made by EME, as lender, to MWG, as borrower, to satisfy any funding requirements of MWG through the Plan Effective Date.

"Non-Core Assets" means (i) American Bituminous, an approximately 80 MW waste coal facility in Grant Town, West Virginia, (ii) Big Sky, an approximately 240 MW wind powered-generating facility in Ohio, Illinois, (iii) Crawford Station, a 72-acre site at 3501 South Pulaski Road, Chicago, Illinois, (iv) Fisk Station, a 43-acre site at 1111 West Cermak Road, Chicago, Illinois (excluding the oil-fired generation facility and related property), and (v) Sampson's Canal, a canal near the Fisk Station located at 2251 and 2401 South Loomis Street, Chicago, Illinois.

"Non-Debtor Subsidiaries" means each of those Subsidiaries of EME that is not a Debtor Subsidiary.

"Non-EME Subsidiaries" means the Subsidiaries of EIX (other than EME and its Subsidiaries).

"Non-Income Tax" means any Tax that is not an Income Tax.

"Non-Rejectable Contracts" means the Collective Bargaining Agreements, the PoJo Leases and Documents, the EME 401(k) Plan, and the Mirror Pension Plan.

"Notes" means (i) $500 million principal amount of 7.50% Senior Notes due June 15, 2013 issued by EME; (ii) $500 million principal amount of 7.75% Senior Notes due June 15, 2016 issued by EME; (iii) $1.2 billion principal amount of 7.00% Senior Notes due May 15, 2017 issued by EME; (iv) $800 million principal amount of 7.20% Senior Notes due May 15,

2019 issued by EME; and (v) $700 million principal amount of 7.625% Senior Notes due May 15, 2027 issued by EME.

"Notice of Disagreement" shall have the meaning set forth in Section 1.3(b).

"Notice Period" shall have the meaning set forth in Section 4.6(d).

"Offered Terms" shall have the meaning set forth in Section 9.6(f).

"Order" means any order, judgment, determination or decree of any court or Governmental Authority.

"Organizational Documents" shall have the meaning set forth in Section 5.2(b).

"Owner Lessor" means, collectively, the Powerton Owners Lessors and the Joliet Owner Lessors.

"Paid Vacation Liabilities" shall have the meaning set forth in Section 9.6(h).

"Parent" shall have the meaning set forth in the Preamble.

"Parent Common Stock" means common stock of Parent, par value $0.01 per share.

"Partially-Owned Companies" shall have the meaning set forth in the Recitals.

"Partially-Owned Equity Interests" shall have the meaning set forth in the Recitals.

"Party and/or "Parties" shall have the meaning set forth in the Preamble.

"Permits" means permits, registrations, approvals, authorizations, consents, licenses or certificates issued by any Governmental Authority.

"Permitted Asset Disposal" means the sale, transfer or conveyance of any assets of EME or any Subsidiary thereof for which the proceeds received by EME are not in excess of $25,000,000 individually or $50,000,000 in the aggregate (other than sales, transfers or conveyances of Non-Core Assets, Excluded Assets, sales of assets in the ordinary course of business consistent with past practices and any assets that EME or any Subsidiary is required to sell, transfer or convey as a result of any Order of a Governmental Authority in connection with the Chevron Litigation).

"Permitted Asset Disposal Purchase Price" means the aggregate proceeds (net of Taxes and expenses payable and other Liabilities to be discharged by EME or any of the Acquired Companies) received by EME or any Subsidiary thereof from a Permitted Asset Disposal.

"Person" means an individual, a partnership, a corporation, a limited liability company, an association, a joint stock company, a trust, a joint venture, an unincorporated organization and a Governmental Authority.

"Petition Date" shall have the meaning set forth in the Recitals.

"Plan" shall have the meaning set forth in the Recitals.

"Plan Effective Date" shall have the meaning set forth in the Recitals.

"Plan Sponsor Agreement" shall have the meaning set forth in the Recitals.

"Plan Supplement" means the compilation of documents and forms of documents, schedules, and exhibits to the Plan, to be filed not later than ten days prior to the deadline to vote to accept or reject the Plan.

"Plan Term Sheet" shall have the meaning set forth in the Recitals.

"PoJo Lease Modifications" shall have the meaning set forth in Section 9.4(b).

"PoJo Leases and Documents" means the leases, agreements and documents listed on Exhibit E attached hereto.

"PoJo Parties" means the Powerton Parties, the Joliet Parties and each other Person that the Parties mutually agree are necessary in order to effectuate the transactions contemplated hereby with respect to the PoJo Leases and Documents.

"PoJo Restructuring Fees" has the meaning given to such term in the PoJo Term Sheet.

"PoJo Term Sheet" shall have the meaning set forth in Section 9.4(b).

"Powerton Parties" means, collectively, MWG, the Powerton Owner Lessors, Wilmington Trust Company (as Owner Trustee), Nesbitt Asset Recovery LLC, Series P-1 (as Owner Participant), Powerton Generation II, LLC (as Owner Participant), The Bank of New York Mellon (as the successor Lease Indenture Trustee), and The Bank of New York Mellon, as the successor Pass Through Trustee.

"Powerton Owner Lessors" means Nesbitt Asset Recovery Series P-1 and Powerton Trust II.

"Pre-Closing Reorganization" shall have the meaning set forth in Section 4.8.

"Proposed Cure Amounts" shall have the meaning set forth in Section 4.5(a).

"PSA Order" shall have the meaning set forth in Section 8.1(a).

"Purchased Interests" shall have the meaning set forth in the Recitals.

"Purchaser" shall have the meaning set forth in the Preamble.

"Purchaser Employment Conditions" shall have the meaning set forth in Section 9.6(a).

"Purchaser Parties" shall have the meaning set forth in the Preamble.

"Purchaser Plans" shall have the meaning set forth in Section 9.6(f).

"Rejected Contracts" shall have the meaning set forth in Section 4.5(c).

"Rejected Contracts List" shall have the meaning set forth in Section 4.5(c).

"Rejection Liabilities" means collectively, the EME Assumed Rejection Liabilities and the Debtor Subsidiary Assumed Rejection Liabilities.

"Related Persons" means, with respect to any Person, all past, present and future directors, officers, members, managers, stockholders, employees, agents, professionals, financial advisors, restructuring advisors, attorneys, accountants, investment bankers, financing source, or representatives of (i) any such Person and (ii) of any Affiliate of such Person; provided that "Related Persons" of EME shall not include (w) EIX, (x) any Non-EIX Subsidiary, (y) any EIX Litigation Party or (z) any Person that would otherwise (but for this proviso) be a Related Person of EME to the extent of its relationship with EIX, any Non-EME Subsidiary or any EIX Litigation Party.

"Remaining Support Obligations" shall have the meaning set forth in Section 9.9(a).

"Remedies Exceptions" means the application of bankruptcy, moratorium and other Laws affecting creditors' rights generally and as limited by the availability of specific performance and the application of equitable principles.

"Replicated Plans" shall have the meaning set forth in Section 4.4(c).

"Restoration Costs" means the aggregate costs (as determined by an Acceptable Appraiser) to restore, repair or replace property or assets subject to an Event of Loss to a condition reasonably comparable to their prior condition, less any insurance proceeds received by EME or any of the Acquired Companies in connection with such Event or Events of Loss; provided that any insurance proceeds received in connection with an Event or Events of Loss are either used to restore, repair or replace such property or assets subject to an Event or Events of Loss or made available to Purchaser.

"Retained Books and Records" means (a) all corporate seals, minute books, charter documents, corporate stock record books, original Tax and financial records and such other files, books and records to the extent they relate exclusively to any of the Excluded Assets or Excluded Liabilities or the organization, existence, capitalization or debt financing of EME, any Homer City Debtor or any Acquired Company not transferred, (b) all books, files and records if the disclosure thereof would (i) violate any legal constraints or obligations regarding

the confidentiality thereof, (ii) waive any attorney client, work product or other legal privilege, (iii) disclose information about EME or any Homer City Debtor or that are unrelated to the Business or (iv) disclose information about pertaining to project evaluation, price curves or projections or other economic predictive models, or (c) all books and records prepared in connection with the evaluation of bids relating to any Acquisition Proposal.

"Review Period" shall have the meaning set forth in Section 1.3(a).

"SEC" shall mean the United State Securities and Exchange Commission.

"Securities Act" means the Securities Act of 1933, as amended.

"Selected Employees" shall have the meaning set forth in Section 9.6(a).

"Schedules" means the Schedules delivered by EME to Purchaser on the date hereof.

"Shortfall Amount" shall have the meaning set forth in Section 1.3(c).

"Solicitation Period End-Date" shall have the meaning set forth in Section 4.6(a).

"Stipulated Transaction Value" means $3,600,000,000.

"Stock Purchase Price" shall have the meaning set forth in Section 1.2(a).

"Stock Purchase Price Numerator" shall have the meaning set forth in Section 1.2(a).

"Subsidiary" means, with respect to any Person, any corporation, partnership, association or other business entity of which (i) if a corporation, a majority of the total voting power of shares of stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person or a combination thereof, or (ii) if a partnership, association or other business entity, a majority of the partnership or other similar ownership interest thereof is at the time owned or controlled, directly or indirectly, by that Person or one or more Subsidiaries of that Person or a combination thereof; provided that when the term "Subsidiary" is used herein with respect to EME, it shall not include the Homer City Debtors. For purposes hereof, a Person or Persons shall be deemed to have a majority ownership interest in a partnership, association or other business entity if such Person or Persons shall be allocated a majority of partnership, association or other business entity gains or losses or shall be or control the managing director or general partner of such partnership, association or other business entity.

"Superior Proposal" means one or more bona fide written Acquisition Proposal(s) that is not executed in violation of Section 4.6 and that the board of directors of EME has concluded, in its good faith judgment, after consultation with its independent financial advisors and outside legal counsel, and taking into consideration all relevant factors including, among other things, all of the terms, conditions, financial, regulatory and other aspects of such

Acquisition Proposal(s) and this Agreement (in each case taking into account any changes to this Agreement or the transactions contemplated hereby (or any other proposals) made or proposed in writing by Purchaser prior to the time of determination), the assets and the liabilities proposed to be purchased and assumed or excluded (and any value proposed to be paid by a proponent of an Acquisition Proposal in respect of any assets proposed to be included as part of any Permitted Asset Disposal, any Non-Core Assets or any Excluded Assets), the identity and financial wherewithal of such third party(ies) making the Acquisition Proposal(s), and any applicable breakup fee and expense reimbursement provisions, (a) is or are reasonably likely to be consummated in accordance with its or their terms and (b) if consummated, is or are better for EME and its stakeholders than the transactions contemplated by this Agreement.

"Support Obligations" shall have the meaning set forth in Section 9.9(a).

"Supporting Noteholders" shall have the meaning set forth in the Recitals.

"Surviving Provisions" shall have the meaning set forth in Section 7.2(a).

"Taking" shall have the meaning set forth in Section 4.9.

"Target Assets" shall have the meaning set forth in Section 1.4.

"Target Equity Interests" shall have the meaning set forth in the Recitals.

"Target Holdings" shall have the meaning set forth in the Recitals.

"Tax" or "Taxes" means (a) any federal, state, local or foreign income, gross receipts, license, payroll, employment, excise, severance, stamp, property, customs duties, franchise, social security, unemployment, withholding, disability, sales, use, transfer, value added, alternative or add on minimum or other tax of any kind, including any interest, penalties or additions to Tax or additional amounts in respect of the foregoing, (b) any liability for payment of amounts described in clause (a) payable by reason of Treasury Regulation Section 1.1502-6(a) (or any predecessor or successor thereof) or any analogous or similar provision under Law, as a result of successor or transferee liability, or being a member of an Affiliated Group for any period, or otherwise through operation of Law, and (c) any liability for payment of amounts described in clauses (a) or (b) as a result of any tax sharing, tax indemnity or tax allocation agreement or any other express or implied agreement or any practice, policy or arrangement of indemnifying or to indemnify any other Person for taxes.

"Tax Attributes" shall have the meaning set forth in Section 1.5.

"Tax Attributes Agreement" means any agreement that may, in each Parties' sole discretion, be entered into between EME and Purchaser whereby (a) EME agrees to deliver incremental tax attributes (including any Tax Attributes that are Excluded Assets) in addition to what would be available to Purchaser following the Asset Sale, and (b) Purchaser agrees to compensate EME for such incremental tax attributes.

"Tax Return" means any return, declaration, election, report, claim for refund, or information return or statement relating to Taxes.

"Termination Date" shall mean July 31, 2014; provided that if the Form S-1 has not been declared effective as of July 31, 2014, EME may by prior written notice to the Purchaser Parties elect to make the "Termination Date" be October 31, 2014.

"Transaction" shall have the meaning set forth in Section 1.1.

"Transfer Taxes" means all transfer, real property transfer, sales, use, goods and services, value added, recordation, documentary, stamp, duty, excise, and conveyance Taxes and other similar Taxes, duties, fees or charges, as levied by any Taxing authority in connection with the Transaction (in each case, after giving effect to the Confirmation Order), including any real property transfer Taxes imposed by any Governmental Authority, including all treble damages, penalties, interest, costs and fees (including attorney's fees); provided, however, that for the avoidance of doubt, the term Transfer Taxes shall not include any Income Taxes.

"Transferred Employee" means (i) each Eligible Employee who accepts Purchaser's offer employment as set forth in Section 9.6(a) and (ii) each Acquired Company Employee.

"Transferred Policies" shall have the meaning set forth in Section 9.13.

"True-Up Statement" shall have the meaning set forth in Section 1.3(a).

"UCC" shall have the meaning set forth in the Recitals.

"Union Employees" shall have the meaning set forth in Section 9.6(b).

"Viento Holdco Debt" shall have the meaning set forth in Section 9.5(c).

"Viento Shares" shall have the meaning set forth in Section 9.5(c).

"Walnut Creek Loss" means any of the following: (i) the actual loss of all or substantially all of the approximately 479 MW gas-fired generating facility at the Walnut Creek Station; (ii) the destruction of all or substantially all of the Walnut Creek Station such that there remains no substantial remnant thereof which a prudent owner, desiring to restore the Walnut Creek Station to its original condition, would utilize as the basis of such restoration; (iii) the destruction of all or substantially all of the Walnut Creek Station irretrievably beyond repair; (iv) the destruction of all or substantially all of the Walnut Creek Station such that the cost of repair would equal or exceed the cost of replacement; (v) the destruction of all or substantially all of the Walnut Creek Station such that the insured may claim a "total loss" under any insurance policy covering the Walnut Creek Station upon abandoning the Walnut Creek Station to the insurance underwriters therefor; or (vi) an Event of Loss or Taking of all or a substantial portion of the real property at the Walnut Creek Station, provided that such Event of Loss or Taking is material to the operation of the Walnut Creek Station.

"Walnut Creek Station" means Walnut Creek Energy Park in the City of Industry, California.

"Wholly-Owned Companies" shall have the meaning set forth in the Recitals.

"Wholly-Owned Equity Interests" shall have the meaning set forth in the Recitals.

EXECUTION VERSION

Exhibit B

Plan Term Sheet

EXHIBIT B TO PLAN SPONSOR AGREEMENT

PLAN TERM SHEET

OCTOBER 18, 2013

THIS TERM SHEET (THIS "TERM SHEET") DESCRIBES CERTAIN MATERIAL TERMS OF A PROPOSED RESTRUCTURING (THE "RESTRUCTURING") OF EDISON MISSION ENERGY ("EME"), INCLUDING THROUGH THE SALE OF CERTAIN OF ITS ASSETS, INCLUDING THE RESTRUCTURING AND/OR SALE OF ITS DEBTOR SUBSIDIARIES (COLLECTIVELY, THE "DEBTOR SUBSIDIARIES" AND, COLLECTIVELY WITH EME, THE "DEBTORS")(1) AND THE SALE OF ITS NON-DEBTOR SUBSIDIARIES (COLLECTIVELY, THE "NON-DEBTOR SUBSIDIARIES"). THE FOREGOING TRANSACTIONS WILL BE EFFECTUATED AS PART OF THE DEBTORS' CHAPTER 11 CASES (THE "CHAPTER 11 CASES") PENDING IN THE UNITED STATES BANKRUPTCY COURT FOR THE NORTHERN DISTRICT OF ILLINOIS (THE "BANKRUPTCY COURT") AND THROUGH A PLAN OF REORGANIZATION (THE "PLAN") UNDER CHAPTER 11 OF TITLE 11 OF THE UNITED STATES CODE (THE "BANKRUPTCY CODE") PROPOSED BY THE DEBTORS AND SUPPORTED BY (I) THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS IN THE DEBTORS' CHAPTER 11 CASES (THE "COMMITTEE"), (II) CERTAIN HOLDERS OF EME'S SENIOR UNSECURED FIXED RATE NOTES (COLLECTIVELY, THE "NOTES") HOLDING AT LEAST FORTY-FIVE PERCENT (45%) IN AGGREGATE OUTSTANDING PRINCIPAL AMOUNT OF SUCH NOTES THAT HAVE EXECUTED THE PLAN SPONSOR AGREEMENT DATED AS OF THE DATE HEREOF (SUCH HOLDERS, COLLECTIVELY, THE "SUPPORTING NOTEHOLDERS") AND (III) THE POJO PARTIES (AS DEFINED BELOW AND, TOGETHER WITH THE COMMITTEE AND THE SUPPORTING NOTEHOLDERS, THE "PLAN SUPPORTERS"), WHICH PLAN WILL BE SPONSORED BY NRG ENERGY, INC. AND CERTAIN RELATED PURCHASING ENTITIES (COLLECTIVELY, THE "PURCHASER"). THE DEBTORS, THE NON-DEBTOR SUBSIDIARIES, PLAN SUPPORTERS, AND PURCHASER ARE EACH REFERRED TO AS A "PARTY" AND, COLLECTIVELY, THE "PARTIES."

THE TERM SHEET IS PROVIDED IN ACCORDANCE WITH THE TERMS OF EXISTING CONFIDENTIALITY ARRANGEMENTS WITH EME AND MAY NOT BE DISTRIBUTED WITHOUT THE EXPRESS WRITTEN CONSENT OF EME. THE TERM SHEET REPRESENTS A SETTLEMENT PROPOSAL IN FURTHERANCE OF SETTLEMENT DISCUSSIONS. AS SUCH, THIS TERM SHEET IS PROTECTED BY RULE 408 OF THE FEDERAL RULES OF EVIDENCE AND ANY OTHER APPLICABLE STATUTES OR DOCTRINES PROTECTING THE USE OR DISCLOSURE OF CONFIDENTIAL SETTLEMENT DISCUSSIONS.

(1) The term "Debtor Subsidiaries" does not include the Homer City Debtors (as defined herein).

THIS TERM SHEET DOES NOT CONSTITUTE AN OFFER OF SECURITIES OR A SOLICITATION OF THE ACCEPTANCE OR REJECTION OF A CHAPTER 11 PLAN FOR PURPOSES OF SECTIONS 1125 AND 1126 OF THE BANKRUPTCY CODE. ANY SUCH OFFER OR SOLICITATION WILL COMPLY WITH ALL APPLICABLE SECURITIES LAWS AND/OR PROVISIONS OF THE BANKRUPTCY CODE.

THE TERM SHEET DOES NOT INCLUDE A DESCRIPTION OF ALL OF THE TERMS, CONDITIONS, AND OTHER PROVISIONS THAT ARE TO BE CONTAINED IN THE PLAN AND RELATED DOCUMENTS, INCLUDING THE PURCHASE AGREEMENT (AS DEFINED BELOW), WHICH REMAIN SUBJECT TO DISCUSSION AND NEGOTIATION. NOTWITHSTANDING THE FOREGOING SENTENCE, THE PARTIES AGREE AND ACKNOWLEDGE THAT THE PLAN SHALL NOT CONTAIN ANY PROVISIONS MATERIALLY INCONSISTENT WITH THIS TERM SHEET.

Overview

Purchase Agreement; Sale Proceeds

EME and the Purchaser are entering into an Asset Purchase Agreement (the "Purchase Agreement") on the date hereof,(2) pursuant to which EME will sell, and the Purchaser will acquire, on the Plan Effective Date, in exchange for payment of the Sale Proceeds and other consideration (including, without limitation, the assumption of certain liabilities), certain assets of EME, including, without limitation, EME's direct and indirect equity interests in the Debtor Subsidiaries and the Non-Debtor Subsidiaries, executory contracts, unexpired leases, and certain assets used in the operation of EME's business, and such other assets as may be agreed by the Parties (such acquisition, the "Sale," such assets and interests, collectively, the "Acquired Assets"), all as set forth in and pursuant to the terms of the Purchase Agreement.(3)

"Sale Proceeds" means the cash and stock proceeds of the Sale payable to EME by the Purchaser upon the Closing under the Purchase Agreement and Plan, which proceeds will be equal to $2,635,000,000 (comprised of $2,285,000,000 payable in cash and $350,000,000, payable in common stock of the Purchaser), subject to certain adjustments pursuant to the Purchase Agreement.

Restructured Indebtedness

Obligations to be restructured, settled or otherwise resolved under or in connection with the Plan include, without limitation:

- approximately $3.7 billion in outstanding principal amount with respect to the 7.50% Senior Fixed Rate Notes due 2013 and 7.75% Senior Fixed Rate Notes due 2016 issued pursuant to that certain Indenture, dated as of June 6, 2006 (as amended,

(2) Capitalized terms not otherwise defined in this Term Sheet shall have the meanings ascribed to them in the Purchase Agreement.

(3) The description of the terms of the Purchase Agreement set forth in this Term Sheet is for illustrative purposes only and is qualified in all respects by the terms of the Purchase Agreement.

modified, waived, or supplemented through the date hereof), between EME and Wells Fargo Bank, N.A., as trustee (in such capacity, the "Indenture Trustee"), and the 7.00% Senior Fixed Rate Notes due 2017, 7.20% Senior Fixed Rate Notes due 2019, and 7.625% Senior Fixed Rate Notes due 2027 issued pursuant to that certain Indenture, dated as of May 7, 2007 (as amended, modified, waived, or supplemented through the date hereof), between EME and the Indenture Trustee;

- approximately $1.367 billion in outstanding principal amount under the intercompany notes dated August 24, 2000, issued by EME in favor of Midwest Generation, LLC ("MWG") (collectively, the "MWG Intercompany Notes");

- all obligations of MWG and EME under or arising out of the facility lease agreements (collectively, the "PoJo Leases") and other related operative documents (collectively, the "Operative Documents") associated with MWG's leveraged leases of its Powerton and Joliet generating stations (collectively, the "Facilities"), including, without limitation, EME's guarantees of the PoJo Leases, which shall be released and replaced with the NRG Guarantees and the NRG OP Guarantees on the Closing Date in accordance with the PoJo Term Sheet, and the Tax Indemnity Agreements, which shall be assumed by the Purchaser;

- approximately $345 million in outstanding principal amount with respect to the 8.56% Series B Pass Through Certificates issued pursuant to that certain Pass Through Trust Agreement B, dated as of August 17, 2000, between MWG and The Bank of New York, as successor Pass Through Trustee (the "Trustee"); and

- any claim (as defined under section 101(5) of the Bankruptcy Code) that arose before the commencement of the Chapter 11 Cases that is neither secured nor entitled to priority under the Bankruptcy Code or any court order (including, without limitation, any order of the Bankruptcy Court) or that is otherwise on account of an Assumed Liability.

Cancellation of Certain Intercompany Claims; MWG Bridge Loan

Pursuant to the Plan, all indebtedness and other liabilities owed by EME to any of the Debtor Subsidiaries or the Non-Debtor Subsidiaries, including, without limitation, any and all obligations under the MWG Intercompany Notes, or by any of the Debtor Subsidiaries or the Non-Debtor Subsidiaries to EME, including, without limitation, any and all obligations under the MWG Bridge Loan, or by any of the Debtor

Subsidiaries or the Non-Debtor Subsidiaries to any other of the Debtor Subsidiaries or the Non-Debtor Subsidiaries, will be discharged, cancelled or otherwise rendered unenforceable; provided, however, that notwithstanding the foregoing sentence, on the Plan Effective Date, (a) any and all claims of any of the Debtors or the Non-Debtor Subsidiaries (i) under that certain Secured Promissory Note, dated as of February 13, 2012, between Capistrano Wind Holdings, Inc. and Edison Mission Wind, Inc., and (ii) under that certain Security and Pledge Agreement, dated as of February 13, 2012, between Capistrano Wind II, LLC and Edison Mission Wind, Inc., shall be preserved and reinstated; and (b) any and all claims of any of the Debtors or the Non-Debtor Subsidiaries against any of the EIX Litigation Parties shall be preserved and shall vest in EME as reorganized pursuant to and under the Plan, which may be a reorganized corporation, trust, or other form of legal entity ("Reorganized EME").

The "MWG Bridge Loan" means that certain postpetition intercompany loan made by EME, as lender, to MWG, as borrower, on the terms set forth in the attached "Summary of Terms and Conditions of MWG Bridge Loan" annexed hereto as **Exhibit 1**. The Parties hereby agree to support (and not to oppose or object to) the MWG Bridge Loan

"EIX Litigation Claims" means all claims and causes of action made, or which could be made, on behalf of the Debtors and the Non-Debtor Subsidiaries against Edison International (together with its subsidiaries other than the Debtors and Non-Debtor Subsidiaries, "EIX") and any of its predecessors, successors, assigns, and current and former affiliates, subsidiaries, representatives, agents, directors, managers, officers, and employees (including all entities and individuals named as defendants in the draft complaint attached to the Committee's motion filed on July 31, 2013 seeking standing to prosecute claims) except for any of the Debtors, the Non-Debtor Subsidiaries, and any party that serves or has served as a director, officer, or manager of any Debtor or Non-Debtor Subsidiary since the petition date (collectively, the "EIX Litigation Parties") in the Chapter 11 Cases or otherwise, unless such claims or causes of action are specifically resolved or released pursuant to the Plan.

Sources of Plan Funding	The sources of funding for the Plan shall include: • cash on hand (if any) that is not an Acquired Asset; • the Sale Proceeds; • new common stock or other interests in Reorganized EME; • any payments made directly by the Purchaser on account of the Assumed Liabilities; and • cure payments, if any, made by the Purchaser pursuant to section 365 of the Bankruptcy Code.
Reorganized EME	On the Plan Effective Date, except to the extent otherwise provided in the Plan, all instruments, certificates, and other documents evidencing debt in EME shall be cancelled, and the obligations of EME thereunder, or in any way related thereto, shall be discharged, and existing equity interests in EME equity will be adjusted, modified, cancelled, or otherwise discharged, and Reorganized EME will issue new interests pursuant to section 1145 of the Bankruptcy Code and pursuant to the Plan. Thereafter, at the direction of the New Board, Reorganized EME shall conduct the Wind Down in accordance with the Wind Down Budget. "Wind Down" means the process commencing on the Plan Effective Date to (a) liquidate, settle, compromise, or resolve any of the following, each of which shall vest in Reorganized EME on the Plan Effective Date unless otherwise provided by the Plan or the Purchase Agreement: (i) all Excluded Assets; (ii) all Excluded Liabilities, to the extent that such liabilities are not compromised, settled or resolved, released, or discharged pursuant to the Plan; and (iii) all EIX Litigation Claims, any and all contracts with the EIX Litigation Parties (including, without limitation, any tax sharing agreements between EME and its affiliates other than the Debtor Subsidiaries and the Non-Debtor Subsidiaries), and any other obligations of, or associated with, the EIX Litigation Parties, including, without limitation, any receivables from EIX, shared services, tax sharing payments, and insurance policies and offsets related thereto; (b) unless liquidated, settled, compromised, or resolved pursuant to clause (a), prosecute the EIX Litigation Claims; and (c) take any other or further action as determined by the New Board to be necessary or appropriate. The Debtors, the Committee, and the Supporting Noteholders shall mutually agree on a budget for the Wind Down (the "Wind Down Budget"). The Wind Down Budget shall be filed with the Plan Supplement.
New Board	On the Plan Effective Date and pursuant to the Plan, Reorganized EME shall adopt new governing documents in form and substance

	acceptable to the Committee and the Supporting Noteholders, the terms of which shall include, among other things, the compensation and the fiduciary obligations of the governing board of that Reorganized EME (the "New Board"). The New Board shall consist of five (5) members: three (3) members shall be appointed by the Supporting Noteholders and the Committee; the other two (2) members shall be EME's existing independent directors.
Powerton-Joliet	The Plan shall provide that, on the Plan Effective Date, (a) MWG shall assume the PoJo Leases and related Operative Documents on the terms and conditions set forth in the term sheet annexed to the Plan Sponsor Agreement as Exhibit C (the "PoJo Term Sheet"), and (b) the Debtors shall pay the Agreed PoJo Cure Amount in full in cash as set forth in the PoJo Term Sheet. The PoJo Parties (as defined in the PoJo Term Sheet) shall support any Plan that, as it relates to the PoJo Parties rights and interests in, among other things, the Plan, the PoJo Leases and related Operative Documents, and the MWG generating stations, is not materially inconsistent with this Term Sheet and the PoJo Term Sheet The time granted to MWG to assume or reject the PoJo Leases (and the time during which the PoJo Parties shall forbear from exercising certain remedies as set fort in the Extension Order (as defined herein)) shall be extended on substantially similar terms and conditions as under the Term Sheet attached as Exhibit 1 to the *Order Further Extending Time to Assume or Reject Powerton and Joliet Leases and Related Agreements* [Docket No. 1255] (the "Extension Order"), through the earliest of (a) the Plan Effective Date, (b) 14 days after the date of termination of the Plan Sponsor Agreement, and (c) July 31, 2014. For the avoidance of doubt, until the Plan Effective Date, the rights of the Parties and the PoJo Parties with respect to characterization of the PoJo Leases and related Operative Documents shall be preserved, whether or not consent and forbearance set forth in the foregoing proviso are granted, maintained, rescinded, terminated, or otherwise rendered ineffective, and the extension of MWG's time to assume or reject the PoJo Leases shall not be a condition precedent to any of the Restructuring and any termination, expiration, or failure of the PoJo Parties to consent to such an extension shall not give rise to a breach or default under any definitive documentation with respect to the Restructuring.

Treatment of Claims and Interests

Unclassified Claims

Administrative Claims

Except to the extent that a holder of an allowed Administrative Claim agrees to a less favorable treatment or such allowed Administrative Claim is assumed by the Purchaser, in full and final satisfaction, compromise, settlement, release, and discharge of and in exchange for each Administrative Claim, each such holder shall receive payment in full in cash on the later of the Plan Effective Date and the date such claim becomes an allowed Administrative Claim or as soon as reasonably practicable thereafter.

"Administrative Claim" means a claim against any of the Debtors for the costs and expenses of the administration of the Debtors' estates pursuant to section 503(b) of the Bankruptcy Code. For the avoidance of doubt, all Professional Fee Claims, PoJo Restructuring Fees, and Supporting Noteholder Fees shall constitute Administrative Claims.

Priority Tax Claims

Except to the extent that a holder of an allowed Priority Tax Claim agrees to a less favorable treatment or such allowed Priority Tax Claim is assumed by the Purchaser, in full and final satisfaction, compromise, settlement, release, and discharge of and in exchange for each Priority Tax Claim, each such holder shall be treated in accordance with section 1129(a)(9)(C) of the Bankruptcy Code.

"Priority Tax Claim" means a claim against any of the Debtors asserting priority under section 507(a)(8) of the Bankruptcy Code.

Professional Fee Claims of Estate Professionals

To the extent that an allowed Professional Fee Claim has not already been paid or waived during the Chapter 11 Cases, each Professional shall be paid in full in cash on the Plan Effective Date. The Plan shall provide for the establishment of a fee escrow for the payment of Professional Fee Claims, which escrow shall be funded exclusively from the Sale Proceeds (the "Professional Fee Escrow"). The funds held in the Professional Fee Escrow shall be held in trust for the Professionals. Funds held in the Professional Fee Escrow shall not be considered property of the Debtors' estates and shall not be encumbered by any other party; provided that Reorganized EME shall have a reversionary interest in the excess, if any, of the amount of the Professional Fee Escrow over the aggregate allowed Professional Fee Claims to be paid from the Professional Fee Escrow. Allowed Professional Fee Claims held by Professionals shall be paid in cash from funds held in the Professional Fee Escrow when such claims are allowed by an order of the Bankruptcy Court; provided that the Debtors' obligations to pay allowed Professional Fee Claims shall not be limited to funds held in the Professional Fee Escrow. The amount of the Professional Fee Escrow shall be mutually agreed be the Debtors, the Committee, and the Supporting Noteholders.

"Professional Fee Claim" means a claim against any of the Debtors incurred by the Debtors' retained professionals and any professionals retained by the Committee (collectively, the "Professionals"). For the avoidance of doubt, the Professional Fee Claims shall not include any claim on account of the PoJo Restructuring Fees or the supporting Noteholder Fees.

Professional Fees and Expenses of the Supporting Noteholders and PoJo Parties

On the Plan Effective Date, any then unpaid fees and out-of-pocket expenses of the attorneys and any then unpaid fees, transaction fees, and reasonable and documented out-of-pocket expenses of the financial advisors to the PoJo Parties (collectively, the "PoJo Restructuring Fees") shall be paid by the Debtors in full and in cash.

On the Plan Effective Date, the Debtors shall pay all accrued and unpaid reasonable and documented fees and out-of-pocket expenses of the professional advisors to the Supporting Noteholders (Ropes & Gray LLP, Houlihan Lokey Capital, Inc., and Schiff Hardin LLP) (collectively, the "Supporting Noteholder Fees")

For the avoidance of doubt, the PoJo Restructuring Fees and Supporting Noteholder Fees shall not constitute Professional Fee Claims.

Classified Claims and Interests

Other Priority Claims

Except to the extent that a holder of an allowed Other Priority Claim agrees to a less favorable treatment or such allowed Other Priority Claim is assumed by the Purchaser, in full and final satisfaction, compromise, settlement, release, and discharge of and in exchange for each Other Priority Claim, each such holder shall receive payment in full in cash on the later of the Plan Effective Date and the date such claim becomes an allowed Other Priority Claim or as soon as reasonably practicable thereafter.

"Other Priority Claim" means a claim against any of the Debtors described in section 507(a) of the Bankruptcy Code other than a Priority Tax Claim, to the extent such claim has not already been paid during the Chapter 11 Cases.

Secured Claims	Except to the extent that a holder of an allowed Secured Claim agrees to a less favorable treatment or such allowed Secured Claim is assumed by the Purchaser, in full and final satisfaction, compromise, settlement, release, and discharge of and in exchange for each Secured Claim, each such holder shall receive, on the earlier of the Plan Effective Date and the date such claim becomes an allowed Secured Claim or as soon as reasonably practicable thereafter: • payment in full in cash; or • other treatment rendering such Secured Claim unimpaired;

provided that such treatment is not inconsistent with the Purchase Agreement.

"Secured Claim" means a claim against any of the Debtors secured by a lien on or security interest in collateral to the extent of the value of such collateral, as determined in accordance with section 506(a) of the Bankruptcy Code or (b) subject to a valid right of setoff pursuant to section 553 of the Bankruptcy Code. Any such claim asserted by EIX may only become allowed by final order of the Bankruptcy Court.

General Unsecured Claims Against EME

Except to the extent that a holder of an allowed General Unsecured Claim against EME agrees to a less favorable treatment or such allowed General Unsecured Claim is assumed by the Purchaser as part of the Sale, in full and final satisfaction, compromise, settlement, release, and discharge of and in exchange for each General Unsecured Claim against EME, each such holder shall receive the following distribution on the later of the Plan Effective Date and the date such claim becomes an allowed General Unsecured Claim against EME or as soon as reasonably practicable thereafter:

- a pro rata distribution of the Net Sale Proceeds; and
- a pro rata distribution of all new common stock or other interests in Reorganized EME issued as of the Plan Effective Date.

"General Unsecured Claim" means a claim against any of the Debtors that is not secured and is not: (a) an Administrative Claim; (b) a Priority Tax Claim; (c) a Professional Fee Claim; (d) an Other Priority Claim; (e) a Subordinated Claim; and (f) an Intercompany Claim.

"Net Sale Proceeds" means the Sale Proceeds less cash in an amount equal to (a) allowed Secured Claims, (b) all allowed Administrative Claims; (c) all allowed Priority Tax Claims; (d) all allowed Professional Fee Claims; (e) all allowed Other Priority Claims; (f) all allowed General Unsecured Claims against Debtor Subsidiaries; and (g) any other amounts to be paid or reserved pursuant to and in accordance with the Plan and the Purchase Agreement to, among other things, fund the Wind Down.

General Unsecured Claims Against Debtor Subsidiaries

Except to the extent that a holder of an allowed General Unsecured Claim against a Debtor Subsidiary agrees to a less favorable treatment or such allowed General Unsecured Claim is assumed by the Purchaser as part of the Sale, in full and final satisfaction, compromise, settlement, release, and discharge of and in exchange for each General Unsecured Claim against a Debtor Subsidiary, each such holder shall receive payment in full in cash on the later of the Plan Effective Date and the date such claim becomes an allowed General Unsecured Claim against a Debtor Subsidiary or as soon as reasonably practicable

	thereafter; provided, however, that any holder of an allowed General Unsecured Claim against any of Chestnut Ridge Energy Company, EME Homer City Generation L.P., Edison Mission Finance Co., Homer City Property Holdings, Inc., and Mission Energy Westside, Inc. (collectively, the "Homer City Debtors") shall receive only a pro rata distribution of the proceeds of the assets of the applicable Homer City Debtors less the amount of any allowed Administrative Claims, Priority Tax Claims, and Other Priority Claims and any costs of administering such distributions or reconciling or determining any allowed claims against the applicable Homer City Debtors; and provided, further, that any holder of any General Unsecured Claim against a Debtor Subsidiary that is an Excluded Liability for which EME is also liable under any theory (including, without limitation, joint and several liability, joint liability, agency, control liability, and other similar theories) shall not receive any distribution on account of such claim against the Debtor Subsidiary, but instead shall only receive a distribution on account of such claim against EME, if and only to the extent such claim has been allowed against EME. Any such claims against Debtor Subsidiaries shall be released and discharged pursuant to the NRG Release and Injunction, and any such claims against EME shall be subject to all potential objections, defenses, and counterclaims, and to estimation pursuant to section 502(c) of the Bankruptcy Code.
Intercompany Claims	Intercompany Claims shall be cancelled in accordance with the provisions of the section "Cancellation of Certain Intercompany Claims; MWG Bridge Loan" above. "Intercompany Claims" means a claim against any of the Debtors held by another Debtor or a Non-Debtor Subsidiary including, solely with respect to EME, the MWG Intercompany Notes.
Intercompany Interests	As of the Plan Effective Date: (i) EME's equity interest in its direct subsidiaries that are Acquired Companies shall be assigned to the Purchaser free and clear of any lien, claim or encumbrance of any kind; and (ii) equity interests directly owned by any other Debtor in any of the Acquired Companies shall be reinstated or, at the Purchaser's option, be cancelled and new corresponding interests shall be issued, and no distribution shall be made on account of such cancelled interests.
EME Interests	EME Interests shall be adjusted, modified, cancelled, or otherwise discharged. "EME Interests" mean existing common stock and any other equity interests in EME.
Subordinated Claims against EME	No holders of a Subordinated Claim against EME will receive any distribution on account of such Subordinated Claim, and all such Subordinated Claims shall be discharged, cancelled, released and extinguished as of the Plan Effective Date.

	"Subordinated Claim" means a claim against any of the Debtors that is subject to contractual, legal, and/or equitable subordination, whether arising under general principles of equitable subordination, section 510(b) of the Bankruptcy Code, or otherwise. The Debtors are not aware of any asserted Subordinated Claim and believe that no Subordinated Claim exists.
Subordinated Claims against Debtor Subsidiaries	A Subordinated Claim against a Debtor Subsidiary, if existing, may only become allowed by final order of the Bankruptcy Court. Upon allowance, except to the extent that a holder of an allowed Subordinated Claim against a Debtor Subsidiary agrees to a less favorable treatment, in full and final satisfaction, compromise, settlement, release, and discharge of and in exchange for each Subordinated Claim against a Debtor Subsidiary, each such holder shall, at Reorganized EME's sole discretion, be treated as a claim against EME and in a manner consistent with the Bankruptcy Code. The Debtors are not aware of any asserted Subordinated Claim and believe that no Subordinated Claim exists.
	General Provisions
Estate Causes of Action	Except as otherwise set forth in the Plan Sponsor Agreement, the Plan, or any Plan supplement, to the extent not settled or resolved, released, transferred, or compromised during the pendency of the Chapter 11 Cases, all estate causes of action other than the EIX Litigation Claims, including, without limitation, all causes of action arising under chapter 5 of the Bankruptcy Code shall be released pursuant to the Plan.
Executory Contracts and Unexpired Leases	Unless assumed, assumed and assigned, or rejected during the Chapter 11 Cases, each executory contract and unexpired lease of the Debtors shall be either assumed or rejected in accordance with the terms of the Plan. For the avoidance of doubt, the Purchaser shall be responsible for any cure costs and rejection damages (other than the Agreed PoJo Cure Amount) under executory contracts or unexpired leases assumed, assumed and assigned, or rejected, as applicable, by the Debtors after the date of the Plan Sponsor Agreement except for any rejection damages or cure costs on account of executory contracts or unexpired leases rejected or assumed after the date of the Plan Sponsor Agreement without the Purchaser's consent, and any rejection damages arising as a result of the Debtors' rejection of an executory contract or unexpired lease before the date of the Plan Sponsor Agreement (or after the date of the Plan Sponsor Agreement but without the Purchaser's consent) shall be afforded treatment as a General Unsecured Claim against the applicable Debtor under the Plan.

EME Tax Attributes	In order to preserve the net operating losses, production tax credits, or other tax attributes of the Debtors and the Non-Debtor Subsidiaries, each of which such tax attributes shall vest in Reorganized EME on the Plan Effective Date, the Plan shall, among other things, permit the Debtors and Non-Debtor Subsidiaries to take any actions necessary to preserve such tax attributes, shall permanently prevent EIX (which shall not, for the avoidance of doubt, include EME, the Debtor Subsidiaries, or the Non-Debtor Subsidiaries) from taking any actions affecting such tax attributes (including, without limitation, making a loss reattribution election) and, if necessary, shall require EIX to make elections as necessary to preserve such tax attributes.
Allowance of Claims; Treatment of Disputed Claims	Except as expressly provided in the Plan or in any order entered in the Chapter 11 Cases before the Plan Effective Date (including the order confirming the Plan), no claim shall become an allowed claim unless and until the Bankruptcy Court has entered a final order, including the confirmation order (when it becomes a final order), in the Chapter 11 Cases allowing such claim. Disputed claims, including any claim against any of the Debtors for which a third party (including EIX) may also be liable, which claims shall be disputed for all purposes under the Plan, shall not receive any distributions unless and until the Bankruptcy Court has entered a final order, including the confirmation order (when it becomes a final order), in the Chapter 11 Cases allowing such claim.
Reserves	Reorganized EME shall withhold and maintain in reserve cash, common stock of the Purchaser, and new common stock or other interests in Reorganized EME to pay holders of disputed claims that become or may become allowed claims after the Plan Effective Date pursuant to the terms of the Plan and make other distributions and pay other obligations under the Plan (including pursuant to the Purchase Agreement) in a manner that does not render Reorganized EME an investment company, it being understood that, in order to avoid such result, Reorganized EME may from time to time dispose of the NRG stock for cash. The initial reserve amounts for disputed claims shall be mutually agreed by the Debtors, the Committee, and the Supporting Noteholders. For the avoidance of doubt, there shall be no reserve required for claims against the Debtors to the extent such claims constitute Assumed Liabilities. There shall be no reserves, holdbacks, escrows, or indemnities arising from the Purchase Agreement or otherwise relating to the Sale.
Retention of Jurisdiction	The Plan will provide for the retention of jurisdiction by the Bankruptcy Court with respect to the EIX Litigation Claims,

	the Purchase Agreement, the resolution of any disputed claim against any of the Debtors, and any other usual and customary matters.
Employee Obligations	On the Plan Effective Date or as soon thereafter as reasonably practicable, EME shall pay any compensation and benefit obligations to the insider and non-insider employees (collectively, the "Employees") of the Debtors and the Non-Debtor Subsidiaries as of the Plan Effective Date under any present compensation, benefit, or incentive programs, including, without limitation, any programs approved pursuant to the *Amended Final Order Approving the Debtors' (A) Payment of Certain Prepetition Compensation and Reimbursable Employee Expenses, (B) Continued Employee Medical and Other Benefits, and (C) Continued Employee Compensation and Benefits Programs* [Docket No. 401] entered by the Bankruptcy Court on February 5, 2013, *Final Order Authorizing the Debtors to Implement Incentive Plans for Non-Insider Employees* [Docket No. 626] entered by the Bankruptcy Court on March 20, 2013, and *Final Order Authorizing Compensation of Insider Senior Executives Under Employee Incentive Programs* [Docket No. 627] entered by the Bankruptcy Court on March 20, 2013 (collectively, the "Employee Obligations"); provided that the Employee Obligations shall ***not*** include any compensation, benefit, and incentive obligations assumed by the Purchaser (or any Debtor Subsidiary or Non-Debtor Subsidiary acquired by the Purchaser pursuant to the Purchase Agreement, as the case may be) in accordance with the Purchase Agreement.
Employee Exit/Closing Plan	There shall be established by the existing Compensation Committee of the board of directors of EME an Exit Closing Plan, which shall be irrevocably funded by EME with $7.5 million (the "Exit Plan"). On or before the Plan Effective Date, the Compensation Committee shall set the awards under the Exit Plan, which awards shall be paid on the Plan Effective Date. The Debtors shall seek Bankruptcy Court approval of the Exit Plan, and an order granting such approval shall be entered on or before November 8, 2013.
IBEW Local 15 Collective Bargaining Agreement	Pursuant to the Plan, MWG shall assume its collective bargaining agreement, in accordance with the terms of the extension distributed on October 13, 2013, with International Brotherhood of Electrical Workers Local No. 15 (the "CBA").
Other Terms	The Plan shall provide, among other things, that: • unless otherwise expressly agreed to by the Purchaser, the directors and officers of the Debtors and Non-Debtor Subsidiaries shall be deemed, as of the Plan Effective Date, to have resigned from their respective positions and to have no further duty, obligation, or responsibility to the Debtors or the

Non-Debtor Subsidiaries; and

- each Employee Benefit Plan or Employee Welfare Benefit Plan of the Debtors shall be terminated effective as of the Plan Effective Date to the extent that such plans are Excluded Liabilities.

Release, Exculpation, Injunction, and Indemnification

Release by Debtors

The Plan shall provide that, pursuant to section 1123(b) of the Bankruptcy Code, and except as otherwise specifically provided in the Plan, for good and valuable consideration, on and after the Plan Effective Date, the Released Parties are deemed released and discharged by the Debtors and their estates from any and all claims, obligations, rights, suits, damages, causes of action, remedies, and liabilities whatsoever, including, without limitation, any derivative claims, asserted on behalf of the Debtors, whether known or unknown, foreseen or unforeseen, existing or hereinafter arising, in law, equity, or otherwise, that the Debtors, their estates, or affiliates would have been legally entitled to assert in their own right (whether individually or collectively) or on behalf of the holder of any claim or interest or other entity, based on or relating to, or in any manner arising from, in whole or in part, the Debtors, the Chapter 11 Cases, the purchase, sale, or rescission of the purchase or sale of any security of the Debtors, the subject matter of, or the transactions or events giving rise to, any claim or interest that is treated in the Plan, the business or contractual arrangements between any Debtor and any Released Party, the restructuring of claims and interests prior to or during the Chapter 11 Cases, the negotiation, formulation, or preparation of the Plan and disclosure statement, or related agreements, instruments, or other documents, upon any other act or omission, transaction, agreement, event, or other occurrence taking place on or before the Plan Effective Date of the Plan, other than claims or liabilities arising out of or relating to any act or omission of a Released Party that constitutes actual fraud. For the avoidance of doubt, the EIX Litigation Claims shall not be released pursuant to the Plan.

"Released Party" means each of the following in its capacity as such: (a) the Purchaser Parties; (b) the members of the Ad Hoc Noteholder Group, generally, and the Supporting Noteholders, in such capacity; (c) the Indenture Trustee; (d) the Committee and the members thereof; (e) the PoJo Parties; (f) with respect to the foregoing entities in clauses (a) through (e), their respective current and former affiliates, subsidiaries, officers, directors, principals, employees, agents, financial advisors, attorneys, accountants, investment bankers, consultants, representatives, and other professionals and, solely with respect to the Purchaser and Supporting Noteholders, their permitted assigns; and

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(f) the Debtor Subsidiaries' and Non-Debtor Subsidiaries' respective current officers, directors, principals, employees, agents, financial advisors, attorneys, accountants, investment bankers, consultants, representatives, and other professionals; provided that no EIX Litigation Party shall constitute a Released Party. For the avoidance of doubt, the Debtors' and Non-Debtor Subsidiaries' existing directors and officers as of the Plan Effective Date shall be Released Parties.

Release by Holders of Claims and Interests

The Plan shall provide that, as of the Plan Effective Date, the Releasing Parties are deemed to have released and discharged the Debtors and their estates and the Released Parties from any and all claims, interests, obligations, rights, suits, damages, causes of action, remedies, and liabilities whatsoever, including, without limitation, any derivative claims, asserted on behalf of the Debtors, whether known or unknown, foreseen or unforeseen, existing or hereinafter arising, in law, equity, or otherwise, that such entity would have been legally entitled to assert (whether individually or collectively), based on or relating to, or in any manner arising from, in whole or in part, the Debtors, the Debtors' restructuring, the Chapter 11 Cases, the purchase, sale, or rescission of the purchase or sale of any security of the Debtors, the subject matter of, or the transactions or events giving rise to, any claim or interest that is treated in the Plan, the business or contractual arrangements between any Debtor and any Released Party, the restructuring of claims and interests prior to or in the Chapter 11 Cases, the negotiation, formulation, or preparation of the Plan, any disclosure statement or supplement with respect the Plan, or related agreements, instruments, or other documents, upon any other act or omission, transaction, agreement, event, or other occurrence taking place on or before the Plan Effective Date, other than claims or liabilities arising out of or relating to any act or omission of a Released Party that constitutes actual fraud. Notwithstanding anything to the contrary in the foregoing, the release set forth above does not release any post-Plan Effective Date obligations of any party under the Plan or any document, instrument, or agreement (including, without limitation, those set forth in any supplement to the Plan) executed to implement the Plan.

"Releasing Parties" means, collectively, (a) the Indenture Trustee, (b) the Supporting Noteholders, (c) the Committee and the members thereof, (d) the PoJo Parties, and (e) without limiting the foregoing clauses (a), (b), (c), and (d), each holder of a claim against or interest in the Debtors who does not opt out of the Plan's release provisions pursuant to an election contained on the relevant ballot.

Releases Structured to Preserve Certain Claims

The Debtors shall use reasonable best efforts to structure, in coordination with the Committee and the Supporting Noteholders, any proposed waiver or release of claims against any Released Party under the Plan in a manner to preserve claims of the Debtors' estates and

	third parties against the EIX Litigation Parties under any applicable insurance policies.
Exculpation	The Plan shall provide that, except as otherwise provided therein, as of the Plan Effective Date, none of the Purchaser, the Committee or the members thereof, or the members of the Ad Hoc Noteholder Group, generally, and the Supporting Noteholders, in such capacity, the Indenture Trustee, the PoJo Parties, or their current or former officers, directors, members, employees, accountants, financial advisors, investment bankers, agents, restructuring advisors, and attorneys and representatives, in each case, solely in their capacities as such or the Debtors and their respective current officers, directors, members, employees, accountants, financial advisors, investment bankers, agents, restructuring advisors, and attorneys and representatives, in each case, solely in their capacities as such, shall have or incur any liability for any claim, cause of action, or other assertion of liability for any act taken or omitted to be taken in connection with, or arising out of, the Chapter 11 Cases or the negotiation, formulation, or preparation of the Plan or any contract, instrument, document, or other agreement entered into pursuant thereto, through the Plan Effective Date; provided that the foregoing shall not affect the liability of any person that otherwise would result from any such act or omission to the extent such act or omission is determined by a final order to have constituted actual fraud, willful misconduct, or gross negligence.

Injunction	The Plan shall provide that, except as otherwise expressly provided in the Plan, all entities who have held, hold, or may hold claims or interests that have been released pursuant to the Plan, compromised and settled pursuant to the Plan, or are exculpated pursuant to the Plan, are permanently enjoined, from and after the Plan Effective Date, from taking any of the following actions against, as applicable, the Debtors or the Released Parties: (a) commencing or continuing in any manner any action or other proceeding of any kind on account of or in connection with or with respect to any such released, compromised, settled, or exculpated claim or interest; (b) enforcing, attaching, collecting, or recovering by any manner or means any judgment, award, decree, or order against such entities on account of or in connection with or with respect to any such released, compromised, settled, or exculpated claims or interests; (c) creating, perfecting, or enforcing any encumbrance of any kind against such entities or the property or the estates of such entities on account of or in connection with or with respect to any such released, compromised, settled, or exculpated claims or interests; (d) asserting any right of setoff, subrogation, or recoupment of any kind against any obligation due from such entities or against the property of such entities on account of or in connection with or with respect to any such released, compromised, settled, or exculpated claims or interests unless such entity has timely filed a proof of claim with the Bankruptcy Court preserving such right of setoff, subrogation, or recoupment; and (e) commencing or continuing in any manner any action or other proceeding of any kind on account of or in connection with or with respect to any such released, compromised, settled, or exculpated claims or interests.
Purchaser Release and Injunction	In addition to any other injunction provided for in the Plan, the Plan shall also provide that all Excluded Liabilities that may otherwise be asserted against the Purchaser or any entity acquired by the Purchaser pursuant to the Plan (including any Debtor Subsidiary or Non-Debtor Subsidiary) shall be permanently released and enjoined pursuant to the Plan and that any such Excluded Liabilities shall be assertable, if at all, solely against EME. The order confirming the Plan shall also include factual findings with respect to the releases, injunctions, and exculpations in favor of the Purchaser that are reasonably satisfactory to the Purchaser.
Indemnification of Postpetition Directors and Officers	The Purchaser shall indemnify and hold harmless each person who is or was a director, officer, or employee of the Acquired Companies (as defined in the Purchase Agreement) in the manner set forth in Section 9.7 of the Purchase Agreement. Reorganized EME shall maintain or procure insurance coverage (including, without limitation, tail coverage) for directors, officers, or managers of EME and its subsidiaries serving since the Petition Date.

Plan Implementation

Conditions Precedent to the Plan Effective Date

The effective date of the Plan (the "Plan Effective Date") shall be the date on which the substantial consummation (as that term is used in section 1101(2) of the Bankruptcy Code) of the Plan and the Closing under the Purchase Agreement occurs. For distributions under the Plan, "Plan Effective Date" shall mean the Plan Effective Date or as soon as reasonably practical thereafter.

Conditions to the Plan Effective Date shall include the following:

- the Bankruptcy Court shall have entered an order, in form and substance acceptable to the Debtors, the Committee, the Supporting Noteholders, and (solely with respect to any terms thereof that affect the rights of the PoJo Parties) the PoJo Parties, confirming the Plan that is not materially inconsistent with this Term Sheet, and such order shall not have been stayed or modified or vacated on appeal;
- all closing conditions and other conditions precedent in the Purchase Agreement shall have been satisfied or waived in accordance with the terms thereof;
- the PoJo Leases and related Operative Documents shall have been assumed in accordance with the terms and conditions in the PoJo Term Sheet and consistent with this Term Sheet, and the Agreed PoJo Cure Amount and PoJo Restructuring Fees shall have been paid in full in cash;
- the governance documents for Reorganized EME, which shall be in form and substance acceptable to the Debtors, the Committee and the Supporting Noteholders, shall be effective and otherwise compliant with this Term Sheet;
- the Professional Fee Escrow shall have been established and funded; and
- the Exit Plan shall have been established and funded.

Documentation

Without limiting the Parties' rights under other sections of this Term Sheet, the following documents shall each be in form and substance reasonably acceptable to NRG, the Committee, the Supporting Noteholders, and (solely with respect to any terms thereof that affect the rights of the PoJo Parties) the PoJo Parties: (i) the motion seeking approval of the Plan Support Agreement; (ii) the Disclosure Statement; (iii) the Disclosure Statement Order; (iv) the motion seeking entry of the Disclosure Statement Order; (v) the Plan; (vi) the Plan Supplement; (vii) any other Ancillary Agreements not covered by the foregoing; and

(viii) any and all motions, notices, and pleadings related to the foregoing; and the list assembled by EME pursuant to Section 4.11(a) of the Purchase Agreement shall be reasonably acceptable to the Committee and the Supporting Noteholders (collectively, the "Plan Documents").

[Remainder of page intentionally left blank.]

EXHIBIT 1

Summary of Terms and Conditions of MWG Bridge Loan

Summary of Terms and Conditions of MWG Bridge Loan

This Summary of Terms and Conditions ("Summary") outlines certain terms and conditions of a loan facility (the "Loan Facility") between Midwest Generation, LLC ("Borrower") and Edison Mission Energy ("Lender").

Recitals:	WHEREAS, on December 17, 2012, the Borrower and Lender filed voluntary petitions for relief under chapter 11 of title 11 of the United States Code in the United States Bankruptcy Court for the Northern District of Illinois ("Court"). Subsequently on December 18, 2012, the Court authorized, the Borrower to continue operating in the ordinary course of business, which included generating electricity from the Borrower's coal fired power generation facilities (the "Coal Facilities"). WHEREAS, the Borrower and the Lender have entered into a binding Plan Support Agreement (the "Plan Support Agreement") with NRG Energy, Inc. ("NRG") and others providing for a consensual transaction, which, if completed, will result in NRG acquiring all of the assets of the Borrower, including the Coal Facilities ("Transaction"). WHEREAS, the Borrower desires to obtain the Loan Facility to fund its operations during the period between the date of the Plan Support Agreement and the closing of the Transaction and to ensure that the Borrower has, if necessary, sufficient funds to implement a shutdown of some or all of the Coal Facilities if the Transaction is not consummated (the "Shutdown").
Loan Facility:	Delayed-draw term loan facility.
Use of Proceeds:	For general corporate purposes including: (i) to fund operating expenses (including capital expenditures) prior to the closing of the Transaction; and (ii) to the Borrower to implement the Shutdown.
Commitment:	$60 million; provided, however, that the foregoing shall be subject to upward adjustments on a dollar-for-dollar basis to the extent of the Borrower's forbearance payments in respect of its obligations associated with the leveraged leases of its Powerton and Joliet Coal Facilities (i.e., $3.75 million per month from January 2014 through June 2014, totaling $22.5 million in the aggregate (as so adjusted, the "Commitment")).
Commitment Fee:	5% of the Commitment.
Interest Rate:	10% per annum
Conditions to Draw:	The Borrower may not draw funds under the Loan Facility prior to March 1, 2014 unless there is a Shutdown before such date without the consent of the Required Supporting Noteholders and

	the Committee. The Borrower may draw funds from the Loan Facility solely (i) in $10 million increments; (ii) upon the Borrower's cash balance falling below $20 million; and (iii) to the extent necessary to restore the Borrower's cash balance to $20 million.
Prepayment Obligations:	To the extent the Borrower's cash balance exceeds $22 million, the Borrower shall repay such excess borrowed funds to the Lenders, provided that all amounts repaid may be reborrowed subject to the foregoing Conditions to Draw.
Maturity:	The earlier of (i) the effective date of a plan of reorganization with respect to Borrower; and (ii) July 31, 2014.
Security:	To secure the obligations of the Borrower under the Loan Facility, the Lender shall receive, pursuant to section 364(c)(2) of the Bankruptcy Code and through the order approving the Loan Facility (effective upon the date of such order, without the necessity of the execution by the Lender or the Borrower or the filing or recordation of mortgages, security agreements, lockbox or control agreements, financing statements, or any other instruments or otherwise by the Lender or the Borrower) valid, fully-perfected and enforceable first priority security interests in, and liens upon, all unencumbered assets of the Borrower, including (A) those certain intercompany notes, dated August 24, 2000, issued by Lender in favor of Borrower, as the same has been or may be amended or modified from time to time; (B) all accounts, instruments, chattel paper, payment intangibles and other accounts receivable or rights to payment arising from the sale of electricity and related products and services or otherwise arising under any electricity sale contract, all supporting obligations in respect thereof and all proceeds and products of any or all of the foregoing; and (C) any other unencumbered assets of the Borrower available to be pledged to Lender (collectively, the "Collateral"); provided, however, that to the extent any of the Collateral shall be subject to an existing security interest or lien, the Lender shall receive pursuant to section 364(c)(3) of the Bankruptcy Code, valid, fully-perfected and enforceable junior security interests in and liens upon all such Collateral, subject only to such prior encumbrances.
Superpriority Administrative Expense Claim:	The obligations of the Borrower under the Loan Facility shall constitute, in accordance with section 364(c)(1) of the Bankruptcy Code, a superpriority administrative claim having priority over all administrative expenses of the kind specified in sections 503(b) or 507(b) of the Bankruptcy Code (including, without limitation, any such claims under the Final Order Granting Motion to Authorize to (A) Continue Using Cash Management System; (B) Maintain Existing Bank Accounts and Business Forms; (C) Maintain Existing Investment Practices;

	(D) Continue Intercompany Transactions; and (E) Grant Superpriority Administrative Expense Status to Postpetition Intercompany Payments (Docket #768), and over any and all administrative expenses or other claims arising under sections 105, 326, 328, 330, 331, 503(b), 506(c), 507(a), 507(b), 726, 1113 or 1114 of the Bankruptcy Code.
Court Approval:	The Loan Facility shall be subject to entry of an order of the Bankruptcy Court on or before November 8.
Other Terms:	Usual and customary for third-party bank loans to debtors-in-possession, including, without limitation, relief from the automatic stay to exercise remedies upon the occurrence of an event of default, and estate professional carve-outs.

The foregoing is intended to summarize certain terms and conditions of the Loan Facility. It is not intended to be a definitive list of all of the requirements of the Borrower in connection with the Loan Facility.

Exhibit C

PoJo Term Sheet

EXECUTION VERSION

EXHIBIT C

PoJo Term Sheet

This term sheet ("PoJo Term Sheet") sets forth the terms and conditions upon which Midwest Generation, LLC (" MWG" or "Facility Lessee") shall assume the Facility Leases and related Operative Documents in connection with the Restructuring described in the accompanying Plan Sponsor Agreement and the Plan Term Sheet by and among the Purchaser, the Debtors, the Committee, the Supporting Noteholders, and the PoJo Parties (defined below), dated as of October 18, 2013. Capitalized terms not otherwise defined in this PoJo Term Sheet shall have the meaning ascribed to them in the Plan Term Sheet, or, if not defined therein, the Participation Agreements among certain of the Powerton Parties, MWG, and EME each dated as of August 17, 2000 (" Powerton Participation Agreements") and the Participation Agreements among certain of the Joliet Parties, MWG, and EME each dated as of August 17, 2000 (" Joliet Participation Agreements," and together with the Powerton Participation Agreements, the " Participation Agreements").

The "PoJo Parties" shall mean the Powerton Parties and Joliet Parties:

The "Powerton Parties" shall mean:

- Nesbitt Asset Recovery Series P-1, as Owner Lessor;
- Powerton Trust II, as Owner Lessor;
- U.S. Bank Trust National Associate, as Owner Trustee;
- Wilmington Trust Company, as Owner Trustee;
- Nesbitt Asset Recovery LLC, Series P-1, as Owner Participant;
- Powerton Generation II, LLC, as Owner Participant;
- Nesbitt Asset Recovery, LLC, as Equity Investor;
- Associates Capital Investments, LLC, as Equity Investor;
- The Bank of New York Mellon, as successor Lease Indenture Trustee; and
- The Bank of New York Mellon, as successor Pass Through Trustee.

The "Joliet Parties" shall mean:

- Nesbitt Asset Recovery Series J-1, as Owner Lessor;
- Joliet Trust II, as Owner Lessor;
- U.S. Bank Trust National Associate, as Owner Trustee;
- Wilmington Trust Company, as Owner Trustee;
- Nesbitt Asset Recovery LLC, Series J-1, as Owner Participant;
- Joliet Generation II, LLC, as Owner Participant;
- Nesbitt Asset Recovery, LLC, as Equity Investor;
- Associates Capital Investments, LLC, as Equity Investor;
- The Bank of New York Mellon, as successor Lease Indenture Trustee; and
- The Bank of New York Mellon, as successor Pass Through Trustee.

The Parties agree as follows:

1. **Operative Document Amendments**. The Powerton Operative Documents and Joliet Operative Documents will be amended, modified, or terminated, as the case may be, as follows:

    a. **Participation Agreements**: On the Plan Effective Date:

        i. Each of the Powerton Participation Agreements and the Joliet Participation Agreements will be amended consistent with the changes set forth on **Exhibit 1** attached hereto, together with such other mutually agreed changes as are necessary to implement the Plan;
        ii. Section VIII of each of the Powerton Participation Agreements and the Joliet Participation Agreements will be deleted in its entirety;
        iii. EME will assign to NRG Energy, Inc. ("NRG") and NRG will assume from EME all of the rights and obligations of EME under each of the Powerton Participation Agreements and the Joliet Participation Agreements; and
        iv. Each of the Powerton Parties and the Joliet Parties will consent to such assignment and assumption and irrevocably release and forever discharge EME of its obligations under the Powerton Participation Agreements and the Joliet Participation Agreements.

    In addition, on the Plan Effective Date, a new Section 7.3 will be added as follows to each of the Participation Agreements:

    "(a) Notwithstanding anything to the contrary herein, and without causing any breach or default under the Operative Documents, Facility Lessee shall complete modifications to the Facility such that the Facility is capable of economic dispatch at full capacity or otherwise capable of participating as a capacity resource in the PJM Interconnection, L.L.C.'s (or its successor's) market or other markets, in compliance in all material respects with all Environmental Laws (" Post-Modification Capability"). Such modifications may include, but are not limited to, gas additions, oil additions or installation of emissions controls; provided that nothing herein shall be construed to require the Facility to be operated at baseload or in any particular dispatch profile. Any shutdowns of the Facility related to making such modifications shall not cause a breach or default under the Operative Documents; provided that no shutdown shall relieve Facility Lessee of its obligations to make payment of Basic Lease Rent in accordance with Section 3.2. or Supplemental Rent in accordance with Section 3.3.

    (b) Facility Lessee may temporarily shut down the Facility; provided that for voluntary shutdowns of one year or longer that are unrelated to making the modifications described in Section 7.3(a), (i) prior to implementing such shutdown, NRG shall replace the NRG Guarantee with one or more irrevocable letter(s) of credit in a form reasonably acceptable to the Owner Lessor in an aggregate amount not less than the Termination Value; and (ii) NRG shall cause the Facility Lessee to deliver, and the Facility Lessee shall deliver, the Facility with Post-Modification Capability upon any return thereof to the Owner Lessors.

(c) NRG shall make cash investments to MWG (either as equity or on an unsecured and subordinated debt basis (on terms reasonably acceptable to the Owner Lessor and Owner Participant)) to pay for any modifications as described in Section 7.3(a), as is necessary to permit the Facility Lessee to comply with the Facility Lease; provided, however, that NRG shall not be required to contribute any amounts in excess of $350,000,000 in respect of such investments, in the aggregate, for the Facility under the Powerton Participation Agreements and the Facility under the Joliet Participation Agreements; provided, further, that such contribution limitation shall have no impact upon, and shall not reduce, the amount of NRG's obligations under the NRG Guarantees."

b. **Tax Indemnity Agreements**: On the Plan Effective Date:

i. EME will assign to NRG and NRG will assume from EME all of the rights and obligations of EME under each of the Tax Indemnity Agreements; and
ii. Each of the Powerton Parties and the Joliet Parties will consent to such assignment and assumption and irrevocably release and forever discharge EME of its obligations under each of the Tax Indemnity Agreements.

c. **EME Guarantees**: On the Plan Effective Date:

i. NRG will provide guarantees for the benefit of each of the Owner Lessors substantially in the form attached hereto as **Exhibit 2**;
ii. The term "EME Guarantee" will be replaced by the term "NRG Guarantee" in the Operative Documents;
iii. The EME Guarantees will terminate and each Owner Lessor will irrevocably release and forever discharge EME from its obligations under the EME Guarantees, and
iv. NRG will become the "Guarantor" (as defined in Appendix A to the Participation Agreements) for all purposes under the Operative Documents.

d. **EME OP Guarantees**: On the Plan Effective Date:

i. NRG will provide guarantees for the benefit of each of the Owner Participants in a form to be agreed upon by NRG and the PoJo Parties, which shall be substantially similar to **Exhibit 2** attached hereto;
ii. The term "EME OP Guarantee" will be replaced by the term "NRG OP Guarantee" in the Operative Documents, and
iii. The EME OP Guarantees will terminate and each Owner Participant will irrevocably release and forever discharge EME from its obligations under the EME OP Guarantees.

2. **Reimbursement Agreement**. On the Plan Effective Date, each Reimbursement Agreement will terminate and be of no further force or effect, and all references to the "Reimbursement Agreement" in the Operative Documents will be deleted.

3. **EME Notes**. On the Plan Effective Date, each of the EME Notes will terminate and be of no further force or effect, and all references to the EME Notes in the Operative Documents will be deleted.

4. **Payment of the Agreed PoJo Cure Amount**.

   a. Payment, in full, in cash, of the Agreed PoJo Cure Amount on the Plan Effective Date shall be a condition precedent to the effectiveness of the Plan.
   b. The "Agreed PoJo Cure Amount" means (i) the sum of all amounts due under the Facility Leases, including, without limitation, all accrued and unpaid (x) Basic Lease Rent due and payable on any Rent Payment Date occurring prior to the Plan Effective Date (including interest on any overdue principal and overdue interest at the Overdue Rate) and (y) Supplemental Lease Rent minus (ii) the sum of all payments made in respect of Rent pursuant to any forbearance, extension, or other agreement with any of the PoJo Parties including the "Initial Payment" made under the Forbearance Agreement by and among the PoJo Parties dated December 16, 2012. For the avoidance of doubt, the Parties agree that the Agreed PoJo Cure-Amount is reflected on, and will be calculated as set forth on, **Exhibit 3**.
   c. Upon the payment of the Agreed PoJo Cure Amount and the occurrence of the Plan Effective Date, the PoJo Parties shall waive, discharge, and release EME, Midwest, NRG, NRG Energy Holdings Inc. and its and their affiliates and its and their officers, directors, members, shareholders, partners, employees, attorneys, advisors, and agents from any claims, losses or liabilities arising under or related to the Operative Documents arising prior to the Plan Effective Date.
   d. The Plan and Confirmation Order shall provide that the Lessor Notes are deemed fully cured as of the Plan Effective Date.
   e. Nothing herein shall relieve MWG from its operational and maintenance obligations under the Facility Leases and related Operative Documents, as modified in accordance with this PoJo Term Sheet.

5. **Consent**. To the extent the PoJo Parties' consent is necessary under the Operative Documents to effect the transactions contemplated by this PoJo Term Sheet, the Plan Support Agreement, the Plan Term Sheet, or the Asset Purchase Agreement, each of the PoJo Parties will consent to such transactions, subject to the terms of this PoJo Term Sheet, the Plan Support Agreement, the Plan Term Sheet, and the Asset Purchase Agreement.

6. **Assumption of Agreements**. For the avoidance of doubt, on the Plan Effective Date, and subject to payment of the Agreed PoJo Cure Amount by the Debtors and receipt thereof by the relevant PoJo Parties, MWG shall assume all Operative Documents, including, without limitation, the Facility Leases, the Operation Agreement, and the agreements executed pursuant to Section 5.2(e) of the Facility Lease.

7. **Professional Fees**. On the Plan Effective Date, any then unpaid fees and out-of-pocket expenses of the attorneys and any then unpaid fees, transaction fees, and reasonable and documented out-of-pocket expenses of the financial advisors to the PoJo Parties shall be paid by the Debtors in full and in cash pursuant to the Plan Term Sheet.

8. **Notice to PoJo Parties**: All notices shall be deemed given if in writing and delivered, if sent by facsimile, courier or by registered or certified mail (return receipt requested) to

the addresses and facsimile numbers (or at such other addresses or facsimile numbers as shall be specified by like notice) set forth in the Plan Sponsor Agreement.

EXHIBIT 1

Form of Changes to Participation Agreements

SECTION V AFFIRMATIVE COVENANTS OF MIDWEST

Midwest covenants and agrees that it will perform the obligations set forth in this SECTION 5.

SECTION 5.1 DELIVERY OF CERTAIN INFORMATION. Midwest shall furnish prompt written notice to the Owner Trustee, the Owner Lessor, the Owner Participant and, for so long as the Lien of the Lease Indenture has not been terminated or discharged, the Lease Indenture Trustee and the Pass Through Trustees:

(a) as soon as possible and in any event within five Business Days after any Authorized Officer of Midwest obtains knowledge of the occurrence of any default under any material agreement to which Midwest is a party or any termination thereof, in each case, together with a statement of an Authorized Officer of Midwest setting forth details of such event of default, default or termination and the action Midwest has taken and proposes to take with respect thereto;

(b) as soon as possible and in any event within five Business Days after the commencement of, or the occurrence of any material adverse development with respect to, any litigation, action, proceeding, or labor controversy of the type described in SECTION 3.1(i), notice thereof;

(c) immediately upon becoming aware of the institution of any steps by Midwest to terminate any Pension Plan (other than a standard termination under ERISA Section 4041(b)), or the failure to make a required contribution to any Pension Plan if such failure is sufficient to give rise to a Lien under Section 302(f) of ERISA or Section 412 of the Code, or the taking of any action with respect to a Pension Plan which could result in the requirement that Midwest furnish a bond or other security to the PBGC or such Pension Plan, or the occurrence of any event with respect to any Pension Plan which could result in the incurrence by Midwest or any member of the Controlled Group of any material liability (other than liabilities incurred in the ordinary course of maintaining the Pension Plan), fine or penalty, or any increase in the contingent liability of Midwest with respect to any post-retirement Welfare Plan benefit, the occurrence or expected occurrence of any Reportable Event or the termination, Reorganization or Insolvency of any Multiemployer Plan or the complete or partial withdrawal by Midwest or any member of the Controlled Group from a Multiemployer Plan, notice thereof and copies of all documentation relating thereto;

(d) as soon as possible and in any event within five Business Days after any Authorized Officer of Midwest obtains knowledge of the occurrence thereof, notice that any Governmental Authority may revoke, or refuse to grant or renew, or materially modify, any material Governmental Approval described in SECTION 3.1(c);

(e) promptly following any request therefor, such other information regarding the operations, business affairs and financial condition of Midwest, or compliance with the terms of this Agreement or the other Operative Documents, as the Owner Trustee, the Owner Lessor, the Owner Participant and, for so long as the Lien of the Lease Indenture

has not been terminated or discharged, the Lease Indenture Trustee and the Pass Through Trustees may reasonably request;

(f) immediately upon becoming aware of any change in operations of Midwest that would cause Midwest to fail to qualify for EWG status or to lose exemption from regulation under PUHCA; and

(g) concurrently with the delivery of any notice, report, request, demand, certificate, financial statement or other instrument to the Owner Lessor pursuant to the Facility Lease (but without duplication of deliveries required under SECTION 5.1(a)), for so long as the Lien of the Lease Indenture has not been terminated or discharged, Midwest shall furnish a copy of the same to the Lease Indenture Trustee and the Pass Through Trustees.

SECTION 5.2 FINANCIAL INFORMATION. Midwest shall cause~~d~~ to be delivered to the Owner Trustee, the Owner Lessor, the Owner Participant, and for as long as the Lien of the Lease Indenture has not been terminated or discharged, the Lease Indenture Trustee and the Pass Through Trustees:

(a) as soon as available and in any event within 60 days after the end of each of the first three Fiscal Quarters of each Fiscal Year of Midwest, consolidated balance sheets of Midwest (which will include results for its Consolidated Subsidiaries) as of the end of such Fiscal Quarter and consolidated statements of income and cash flows of Midwest (which will include results for its Consolidated Subsidiaries) for such Fiscal Quarter and for the period commencing at the end of the previous Fiscal Year and ending with the end of such Fiscal Quarter;

(b) as soon as available and in any event within 120 days after the end of each Fiscal Year of ~~Holdings~~Midwest, commencing with the ~~1999~~[2013] Fiscal Year, a copy of the annual [audited] report for such Fiscal Year for ~~Holdings (which will include results for its Consolidated Subsidiaries),~~Midwest, including therein consolidated balance sheets of ~~Holdings (which will include results for its Consolidated Subsidiaries)~~Midwest as of the end of such Fiscal Year and consolidated statements of income and cash flows of ~~Holdings (which will include results for its Consolidated Subsidiaries)~~Midwest for such Fiscal Year~~,~~ [, and accompanied by the opinion of ~~Arthur Andersen & Co. or other internationally recognized~~ independent auditors selected by ~~Holdings~~Midwest, which report shall state that such consolidated financial statements present fairly in all material respects the financial position for the periods indicated in conformity with GAAP applied on a basis consistent with prior periods~~, PROVIDED HOWEVER, that in the event annual audited report of Midwest becomes and for as long as it continues to be available, information delivery requirements of this Section 5.2(b) shall be deemed to refer to such annual audited report of Midwest and not Holdings~~ ;

(c) concurrently with the delivery of the financial statements referred to in Section 5.2(b) hereof, Midwest shall deliver an Officer's Certificate of Midwest stating that (i) the signer has made, or caused to be made under its supervision, a review of this Agreement and the other Operative Documents; and (ii) such review has not disclosed the

existence during such fiscal year (and the signer does not have knowledge of the existence as of the date of such certificate) of any condition or event constituting a Lease Event of Default or an Event of Loss or, if any such condition or event existed or exists, specifying the nature thereof, the period of existence thereof and what action Midwest has taken or proposes to take with respect thereto;

(d) as soon as available, one copy of any documents filed by Midwest with the Securities and Exchange Commission or any successor agency pursuant to Section 13(a), 13(c), 14 or 15(d) (or any successor sections) of the Securities Exchange Act of 1934, as amended (the "EXCHANGE ACT");

(e) within ten Business Days after each anniversary of the Closing Date, a certificate from Midwest's insurers or insurance agents evidencing that the insurance policies in place satisfy the requirements of the Operative Documents;

(f) following the effectiveness of any registration statement pursuant to the Registration Rights Agreement, whether or not required by the rules and regulations of the Securities and Exchange Commission (the "SEC"), Midwest shall maintain its status as a reporting company under the Exchange Act and file a copy of all such information and reports with the SEC for public availability within the time periods specified in the SEC's rules and regulations (unless the SEC will not accept such a filing) and make such information available to the Lease Financing Parties upon request, unless otherwise provided in the Operative Documents and so long as the requirements of SECTION 3.4 of the Facility Lease are complied with;

~~(f)~~(g) as soon as possible and in any event within five Business Days after any Authorized Officer of Midwest obtains (i) knowledge of the occurrence thereof, notice of any casualty, damage or loss to the Facility, whether or not insured, through fire, theft, other hazard or casualty, involving a probable loss of $5,000,000 or more or (ii) knowledge of (A) the occurrence, notice of any cancellation, notice of threatened or potential cancellation or (B) any material change in the terms, coverage or amounts of any policy of insurance which would result in such policy deviating from Prudent Industry Practice.

SECTION 5.3 INFORMATION CONCERNING THE FACILITY. Concurrently with the delivery of the financial statements referred to in SECTION 5.2(b), Midwest shall furnish the Owner Trustee, the Owner Lessor, the Owner Participant and, for so long as the Lien of the Lease Indenture has not been terminated or discharged, the Lease Indenture Trustee and the Pass Through Trustees and their respective authorized representatives either: (i) the annual report provided to senior management and shareholders of Midwest or its Affiliates, ~~and~~or (ii) a report for the preceding calendar year with respect to the Facility, in each case, covering the following matters: (A) production, including availability, output, planned outages and unplanned outages (and the reason for such unplanned outages); (B) environmental matters; (C) health and safety matters, to the extent the same shall have given rise to material claims against Midwest or the Guarantor or any of its Subsidiaries; (D) significant plant activities, such as major plant overhauls, Alterations, modifications and other capital expenditures, significant changes in plant

operations and major operating incidents; and (E) markets activities, including quantities and average price of energy and capacity delivered.

SECTION 5.4 MAINTENANCE OF EXISTENCE; CONDUCT OF BUSINESS. Midwest shall continue to engage in the business of owning and operating the Facility and the sale and marketing of wholesale electric power and other products and services related thereto, and preserve, renew and keep in full force and effect its limited liability company existence and take all reasonable action to maintain all material rights, privileges and franchises necessary or desirable in the normal conduct of its business, except, in each case, as otherwise permitted by SECTIONS 6.1 OR 6.2.

SECTION 5.5 COMPLIANCE WITH REQUIREMENTS OF LAW AND CONTRACTUAL OBLIGATIONS. Midwest shall comply with all Requirements of Law and Contractual Obligations, such compliance to include the payment, before the same become delinquent, of all taxes, assessments and governmental charges or levies, except to the extent such non-compliance would not result in a Material Adverse Effect on Midwest.

SECTION 5.6 ENVIRONMENTAL COVENANT WITH RESPECT TO THE FACILITY AND THE FACILITY SITE. Midwest shall:

(a) comply, and make all reasonable efforts to cause other Persons to comply, with all applicable Environmental Laws and obtain, comply with and maintain all necessary Governmental Approvals required under any applicable Environmental Law in connection with the use, operation and maintenance of the Facility and the Facility Site, in each case, except where such noncompliance or failure, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect on Midwest;

(b) promptly upon the request of the Owner Trustee, the Owner Lessor, the Owner Participant or, for so long as the Lien of the Lease Indenture has not been terminated or discharged, the Lease Indenture Trustee or the Pass Through Trustees, if there has been a Lease Event of Default which has not been fully and timely cured, arrange for, and ~~EME~~NRG shall be responsible for all costs and expenses incurred in connection with, the environmental surveys in accordance with the terms of SECTION 5.2(f) of the Facility Lease.

(c) provide copies of such information to evidence compliance with this SECTION 5.6 as the Owner Trustee, the Owner Lessor, the Owner Participant or, for so long as the Lien of the Lease Indenture has not been terminated or discharged, the Lease Indenture Trustee and the Pass Through Trustees, may reasonably request from time to time.

SECTION 5.7 FURTHER ASSURANCES. Upon written request of the Owner Trustee, the Owner Lessor, the Owner Participant, or, for so long as the Lien of the Lease Indenture has not been terminated or discharged, the Lease Indenture Trustee or the Pass Through Trustees, Midwest shall promptly perform or cause to be performed any and all acts and execute or cause to be executed any and all documents (including financing statements and

continuation statements) for filing under the provisions of the Uniform Commercial Code or any other Requirement of Law which are necessary or advisable to preserve, protect and perfect the ownership of the Undivided Interest and the interest of the Owner Lessor in the Facility Site Lease and to maintain the first priority Lien intended to be created by the Lease Indenture therein.

SECTION VI NEGATIVE COVENANTS OF MIDWEST

Midwest covenants and agrees that it will perform the obligations set forth in this SECTION 6.

~~SECTION 6.1.~~ MERGER AND CONSOLIDATION. Midwest shall not consolidate or merge with any other Person (unless it is the surviving entity) or sell, transfer or otherwise dispose of all or substantially all of its assets in one or a series of transactions, unless (i) no Lease Event of Default shall have occurred and be continuing prior to and after giving effect to such merger, consolidation or sale, (ii) the entity resulting from such consolidation, surviving such merger or to whom such assets are transferred shall (a) be a corporate entity (including a limited liability company) organized under the laws of the United States of America, any state thereof or the District of Columbia, and (b) expressly assume, pursuant to an agreement reasonably acceptable to the other Lease Financing Parties, each obligation of Midwest under the Operative Documents, (iii) the Owner Participant shall have received an opinion reasonably satisfactory to it from Hunton & Williams, or from a nationally recognized tax counsel selected by the Owner Participant and reasonably acceptable to Midwest to the effect that such consolidation, merger or sale of assets would not result in any material indemnified, or any unindemnified, incremental tax risk to the Owner Participant, (iv) the Owner Participant and, so long as the Lessor Notes are outstanding, the Lease Indenture Trustee and Pass Through Trustees, shall have received an opinion of counsel reasonably satisfactory to each such Person (y) with respect to the agreement referred to in the immediately preceding clause (ii) (b) and (z) addressing other customary matters, (v) after giving effect to such transaction (A) while the Certificates are outstanding, the ratings of the Certificates shall be equal to or greater than the ratings of the Certificates immediately prior to consummating such transaction and (B) if the Certificates are no longer outstanding, the credit rating of the long-term senior unsecured indebtedness of Midwest or any successor or surviving entity shall be equal to or greater than the credit rating of the long-term senior unsecured indebtedness of Midwest immediately prior to consummating such transaction and, (vi) for as long as the ~~EME~~NRG Guarantees are in effect, ~~EME~~NRG shall have delivered written affirmations of its obligations under the ~~EME~~NRG Guarantees to the beneficiaries of the ~~EME~~NRG Guarantees. Midwest shall not sell more than 50% of its assets without the prior written consent of the Owner Lessor and, for as long as the Lessor Notes are outstanding, the Lease Indenture Trustee and the Pass Through Trustees which consent shall not be unreasonably withheld, PROVIDED,

~~SECTION 6.2~~SECTION 6.1 HOWEVER, that such consent shall not be required in connection with such sale or disposition if (x) the Certificates are rated at least Baa3 by Moody's and BBB- by S&P taking into account such sale of assets or (y) if the Certificates are no longer outstanding, the long-term senior unsecured indebtedness of Midwest is rated at least Baa3 by Moody's and BBB- by S&P taking into account such sale of assets.

~~SECTION 6.3~~SECTION 6.2 CHANGES IN LEGAL FORM OR BUSINESS. Midwest shall not change its legal form or Organic Documents except as permitted by SECTION 6.1, change its Fiscal Year or engage in any business other than the construction, ownership, maintenance and operation of the Generating Assets, the sale of wholesale electric power therefrom and related products and services and such other business as may be reasonably incidental thereto.

SECTION VII AFFIRMATIVE COVENANTS OF ~~EME~~NRG

~~EME~~NRG covenants and agrees that it will perform the obligations set forth in this SECTION 7.

SECTION 7.1 FINANCIAL INFORMATION, REPORTS, NOTICES. ~~EME~~NRG shall furnish to the Owner Trustee, the Owner Lessor, the Owner Participant and, for as long as the Lien of the Lease Indenture Trustee has not been terminated or discharged, the Lease Indenture Trustee and the Pass Through Trustees:

(a) as soon as available and in any event within 60 days after the end of each of the first three Fiscal Quarters of each Fiscal Year of ~~EME~~NRG, consolidated balance sheets of ~~EME~~NRG (which will include results for its Consolidated Subsidiaries) as of the end of such Fiscal Quarter and consolidated statements of income and cash flows of ~~EME~~NRG (which will include results for its Consolidated Subsidiaries) for such Fiscal Quarter and for the period commencing at the end of the previous Fiscal Year and ending with the end of such Fiscal Quarter, certified by an Authorized Officer of ~~EME~~NRG with responsibility for financial matters;

(b) as soon as available and in any event within 120 days after the end of each Fiscal Year of ~~EME~~NRG, a copy of the annual audited report for such Fiscal Year for ~~EME~~NRG (which will include results for its Consolidated Subsidiaries), including therein consolidated balance sheets of ~~EME~~NRG (which will include results for its Consolidated Subsidiaries) as of the end of such Fiscal Year and consolidated statements of income and cash flows of ~~EME~~NRG (which will include results for its Consolidated Subsidiaries) for such Fiscal Year, and accompanied by the opinion of ~~Arthur Andersen & Co. or~~KPMG LLP other internationally recognized independent auditors selected by ~~EME~~NRG, which report shall state that such consolidated financial statements present fairly in all material respects the financial position for the periods indicated in conformity with GAAP applied on a basis consistent with prior periods;

(c) ~~for so long as any Certificates remain outstanding, unless EME is at the time subject to the reporting requirements of Section 13(a) or 15(d) of the Exchange Act, to holders of Certificates, Certificate Owners (as defined in the Pass Through Trust Agreements) and prospective investors, upon their request, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act;~~

(d)~~following the effectiveness of any registration statement pursuant to the Registration Rights Agreement, whether or not required by the rules and regulations of the Securities and Exchange Commission (the "SEC"), EME shall maintain its status as a reporting company under the Exchange Act and file a copy of all such information and~~

~~reports with the SEC for public availability within the time periods specified in the SEC's rules and regulations (unless the SEC will not accept such a filing) and make such information available to the Lease Financing Parties upon request, unless otherwise provided in the Operative Documents and so long as the requirements of SECTION 3.4 of the Facility Lease are complied with;~~

(e) ~~concurrently with the delivery of the financial statements referred to in SECTION 7.1(a), a certificate, executed by an Authorized Officer of EME with responsibility for financial matters, showing (in reasonable detail and with appropriate calculations and computations in all respects satisfactory to the Owner Lessor and, for so long as the Lien of the Lease Indenture has not been terminated or discharged, the Lease Indenture Trustee and the Pass Through Trustees) compliance with the financial covenant set forth in SECTION 4.09 of the EME OP Guarantee;~~

~~(f)~~(c) as soon as possible and in any event within five Business Days after any Authorized Officer of ~~EME~~NRG obtains knowledge of the occurrence of (i) each Lease Event of Default or (ii) any default under any other material agreement to which ~~EME~~NRG or any of its subsidiaries is a party or any termination thereof, if such event could reasonably be expected to result in a Material Adverse Effect on ~~EME~~NRG, in each case, together with a statement of such Authorized Officer setting forth details of such Default, default or termination and the action which ~~EME~~NRG or such subsidiary of ~~EME~~NRG has taken and proposes to take with respect thereto;

~~(g)~~(d) as soon as possible and in any event within five Business Days after (i) the occurrence of any material adverse development with respect to any litigation, action, proceeding, or labor controversy of the type described in SECTION 3.2(h) or (ii) the commencement of any labor controversy, litigation, action, proceeding of the type described in SECTION 3.2(h) hereof, notice thereof and, upon request of the Owner Lessor and, for so long as the Lien of the Lease Indenture has not been terminated or discharged, the Lease Indenture Trustee and the Pass Through Trustees, copies of all non- privileged documentation relating thereto;

~~(h)~~(e) immediately upon becoming aware of the institution of any steps by ~~EME~~NRG or any other Person to terminate any Pension Plan (other than a standard termination under ERISA Section 4041(b)), or the failure to make a required contribution to any Pension Plan if such failure is sufficient to give rise to a Lien under Section 302(f) of ERISA or Section 412 of the Code, or the taking of any action with respect to a Pension Plan which could result in the requirement that ~~EME~~NRG furnish a bond or other security to the PBGC or such Pension Plan, or the occurrence of any event with respect to any Pension Plan which could result in the incurrence by ~~EME~~NRG or any member of the Controlled Group of any material liability (other than liabilities incurred in the ordinary course of maintaining the Pension Plan), fine or penalty, or any increase in the contingent liability of ~~EME~~NRG with respect to any post-retirement Welfare Plan benefit, which has a Material Adverse Effect on ~~EME~~NRG notice thereof and copies of all documentation relating thereto;

~~(i) as soon as known, any changes in EME's Debt Rating by Moody's or S&P or any other rating agency which maintains a Debt Rating on EME;~~

(f) [Reserved];

~~(j)~~(g) promptly following any request therefor, such other information regarding the operations, business affairs and financial condition of ~~EME~~NRG, or compliance with the terms of this Agreement or the other Operative Documents, as Owner Lessor, the Owner Participant, the Lease Indenture Trustee or the Pass Through Trustees may reasonably request.

SECTION 7.2 MAINTENANCE OF CORPORATE EXISTENCE. Subject to the provisions of SECTION 8.2 hereof, ~~EME~~NRG shall at all times preserve and maintain in full force and effect (i) its corporate existence and good standing under the laws its state of ~~the State of California~~incorporation and (ii) its qualification to do business in each other jurisdiction in which the character of its properties or the nature of its activities make such qualification necessary, except where the failure to be so qualified would not reasonably be expected to result in a Material Adverse Effect with respect to ~~EME~~NRG.

~~SECTION 7.3. FURTHER ASSURANCES. Upon written request of the Owner Lessor, the Owner Participant, and, for so long as the Lien of the Lease Indenture has not been terminated or discharged, the Lease Indenture Trustee and the Pass Through Trustees, EME shall promptly perform or cause to be performed any and all acts and execute or cause to be executed any and all documents (including, financing statements and continuation statements) for filing under the provisions of the Uniform Commercial Code or any other Requirement of Law which are necessary or advisable to preserve, protect and perfect the ownership of the Undivided Interest and the interest of the Owner Lessor in the Ground Lease and to maintain the first priority Lien intended to be created by the Lease Indenture therein.~~

SECTION 7.3 [Reserved]

SECTION 7.4 TAXES. ~~EME~~NRG shall, prior to the time penalties attach thereto, (i) file, or cause to be filed, all tax and information returns that are required to be, or are required to have been, filed by it in any jurisdiction, and (ii) pay or cause to be paid all taxes shown to be, or to have been, due and payable on such returns and all other taxes lawfully imposed and payable by it, except , in each case, to the extent there is a Good Faith Contest thereof by ~~EME~~NRG and to the extent that the failure to so file, cause to be filed, pay or cause to be paid would not result in a Material Adverse Effect on NRG.

SECTION VIII NEGATIVE COVENANTS OF ~~EME~~NRG

~~SECTION 8.1. LIENS. EME shall not pledge, mortgage or hypothecate, or permit to exist, any mortgage, pledge or other lien upon any property at any time directly owned by EME to secure any EME Indebtedness, without making effective provisions whereby the EME Guarantees shall be equally and ratably secured with any and all such EME Indebtedness and with any other EME Indebtedness similarly entitled to be equally and ratably secured; provided, however, that this restriction shall not apply to or prevent the creation or existence of (i) liens existing on the Closing Date, (ii) purchase money liens not to exceed the cost or value of the~~

purchased p ropert y, (iii) other li ens not to ex ceed 10 percent o f EME's Co nsol idated Tan g ible Net Assets, and (iv) liens granted in connection with extending, renewing, replacing or refinancing, in whole or in part, EME Indebtedness (including, without limitation, increasing the principal amount of such EME Indebtedness) secured by liens described in the foregoing clauses (i) through (iii). In the event that EME proposes to pledge, mortgage or hypothecate any property at any time directly owned by it to secure any EME Indebtedness, other than as permitted by clauses (i) through (iv) of the previous paragraph, EME shall give prior written notice thereof to the Owner Trust, the Lease Indenture Trustee and the Pass Through Trustees, and EME shall, prior to or simultaneously with such pledge, mortgage or hypothecation, effectively secure all the EME Guarantees equally and ratably with such EME Indebtedness.

SECTION 8.1 [Reserved].

SECTION 8.2 CONSOLIDATION, MERGER; ASSET DISPOSITION.

(a) EME shall not merge or consolidate with or into any other person and EME shall not sell, lease or convey all or substantially all of its assets to any person, unless (1) EME is the continuing corporation, or the successor corporation or the person that acquires all or substanti all y all of EME's asset s is a corporati on or ganiz ed and existing under the laws of the United States or a State thereof or the District of Columbia and ex pressl y assum es al l EME's obli gati ons und er the EME Gu arante es, t he Participation Agreement and the other Operative Documents to which EME is a party, (2) immediately after such merger, consolidation, sale, lease or conveyance, there is no default or Lease Event of Default under the Lease Financing Documents, (3) if, as a result of the mer ger, cons oli dati on, sale, lease or c onve ya nc e, an y or all of EME's property would become the subject of a lien that would not be permitted by this Agreement, EME secures the EME Guarantees equally and ratably with the obligations secured by that lien and (4) EME delivers or causes to be delivered to the Owner Trust, the Owner Participant and as long as the Lien of the Lease Indenture has not been terminated or discharged, the Lease Indenture Trustee and the Pass Through Trustees an Office rs' C ertific ate and an opini on of legal couns el, each st ati n g that the m er ger, consolidation, sale, lease or conveyance comply with this Agreement and each in a form reasonably acceptable to the Owner Trust and Lease Indenture Trustee.

(b) Except for the sale of the properties and assets of EME substantially as an entirety pursuant to subsection (a) above, and other than assets required to be sold to conform with governmental regulations, EME shall not sell or otherwise dispose of any assets (other than short-term, readily marketable investments purchased for cash management purposes with funds not representing the proceeds of other assets sales) if, on a pro forma basis, the aggregate net book value of all such sales during the most recent 12-mont h period would e x ceed 10 pere ent of EME 's Consol idated Net Tan gibl e Assets computed as of the end of the most recent fiscal quarter preceding such sale; provided, however, that any such sales shall be disregarded for purposes of this 10 percent limitation if the proceeds are invested in assets in similar or related lines of business of EME and, provided further, that EME may sell or otherwise dispose of assets in excess of such 10 percent limitation if the proceeds from such sales or dispositions, which are not reinvested as provided above, are retained by EME as cash or cash equivalents or are

~~used by EME to reduce or retire EME Indebtedness ranking pari passu in right of pa ym ent t o the EME Gua rantees or ind ebtedness o f EME's Subsi diaries.~~

~~AMENDMENT, WAIVER OR ASSIGNMENT OF CERTAIN DOCUMENTS. EME shall not, and shall not permit any of its Subsidiaries to terminate, amend, supplement or otherwise modify any ComEd Agreement (i) in any materially adverse manner with respect to its term, offtake requirement or payment provision (ii) in a manner which would result in renewal or extension of the ComEd Agreements o r which wo uld ot herwise lim it in any w a y the Own er Lesso r' s or, for so long as the Lien of the Lease Indenture has not been terminated or discha ged, the Le as e Ind enture Truste e's ri ghts i n respect of th e Undivided Interest or (iii) otherwise in a manner which would result in a Material Adverse Effect on Midwest or the Owner Lessor or the Lease Indenture Trustee, as the case may be, without the prior written consent of the Owner Lessor or the Lease Indenture Trustee, as the case may be, which consent shall not be unreasonably withheld or delayed.~~ [Reserved].

SECTION 8.3 [Reserved].

EXHIBIT 2

Form of NRG Guarantee

FORM OF NRG GUARANTEE

GUARANTEE

DATED AS OF [•]

IN FAVOR OF POWERTON TRUST I

MADE BY

NRG ENERGY, INC., AS GUARANTOR

This GUARANTEE, dated as of [●] (this "GUARANTEE"), is made by NRG ENERGY, INC., a Delaware corporation (the "GUARANTOR") in favor of POWERTON TRUST I, a Delaware business trust and lessor under the Facility Lease referred to below (the "OWNER LESSOR").

W I T N E S S E T H

WHEREAS, on the date hereof, [Guarantor] [[●], a subsidiary of Guarantor,] consummated the purchase of all of the equity interests in Midwest Generation, LLC, a Delaware limited liability company ("MIDWEST GENERATION"); and

WHEREAS, the Owner Lessor and Midwest Generation, lessee under the Facility Lease referred to below (the "FACILITY LESSEE"), are party to the Facility Lease (as from time to time amended, supplemented, amended and restated or otherwise modified and in effect from time to time, the "FACILITY LEASE"), dated as of August 17, 2000 (the "Closing Date,") providing for the lease by the Owner Lessor to the Facility Lessee of an undivided interest as tenant-in-common in the Facility. This Guarantee guarantees the obligations of the Facility Lessee to pay, for the benefit of the Owner Lessor and its successors and assigns, the Rent (including Termination Value) under and in accordance with the Facility Lease and the other Operative Documents; and

WHEREAS, the Owner Lessor, Powerton Generation I, LLC, a Delaware limited liability company, Wilmington Trust Company, as the Owner Trustee, the Facility Lessee, the Guarantor, United States Trust Company of New York, as the Lease Indenture Trustee, United States Trust Company of New York, as the Pass Through Trustees (as such term is defined therein) are party to the Participation Agreement (as from time to time amended, supplemented, amended and restated, or otherwise modified and in effect from time to time, the "PARTICIPATION AGREEMENT"), dated as of August 17, 2000, which establishes certain rights and obligations of the parties to the leveraged lease financing of the Powerton Station pursuant to the Facility Lease and the other Operative Documents; and

WHEREAS, in connection with the Facility Lease, the Owner Lessor and the Lease Indenture Trustee have entered into the Indenture of Trust, Mortgage, and Security Agreement (as from time to time amended, supplemented, amended and restated, or otherwise modified and in effect from time to time, the "LEASE INDENTURE"), dated as of August 17, 2000, providing for the issuance by the Owner Lessor of the notes (the "LESSOR NOTES"); and

WHEREAS, the Owner Lessor has granted to the Lease Indenture Trustee for the benefit of the holders of the Lessor Notes a security interest in the [POWERTON EME GUARANTEE (T1) Trust Estate] (as defined in the Lease Indenture and including, without limitation, a collateral assignment of the Facility Lease and this Guarantee), other than Excepted Payments (as defined in the Participation Agreement), as security for the Lessor Notes and certain other obligations.

NOW, THEREFORE, for and in consideration of the premises and mutual covenants herein contained, and for other good and valuable consideration, the receipt and

adequacy of which are hereby acknowledged, the parties hereto, intending to be legally bound, do hereby covenant and agree as follows:

ARTICLE 1 DEFINITIONS.

1.01 DEFINED TERMS. Each capitalized term used herein (including in the preamble and recitals hereto) and not otherwise defined herein shall have the definition assigned to that term in Appendix A to the Participation Agreement.

1.02 INTERPRETATION. The rules of interpretation set forth in Appendix A to the Participation Agreement shall apply MUTATIS MUTANDIS to this Guarantee as if set forth in full in this Section 1.02.

ARTICLE 2 GUARANTEE.

2.01 THE GUARANTEE. The Guarantor hereby unconditionally and irrevocably guarantees, as primary obligation and not merely as surety, for the benefit of the Owner Lessor and its successors and assigns, the prompt payment in full when due (whether at stated maturity, by acceleration or otherwise) of the Rent (including Termination Value), due to the Owner Lessor strictly in accordance with the terms of the Facility Lease and the other Operative Documents (such obligations being herein called the "GUARANTEED OBLIGATIONS"); PROVIDED, that the Guarantor's obligations hereunder shall not be subject to the limitation on claims set forth in Section 18.19 of the Participation Agreement, Section 17.2 of the Facility Lease; PROVIDED, FURTHER, that the Guaranteed Obligations constituting Termination Value may be limited as set forth in Section 2.03 of this Guarantee. The Guarantor hereby further agrees that if the Facility Lessee shall fail to pay in full when due (whether at stated maturity, by acceleration or otherwise) any Guaranteed Obligation payable by it, the Guarantor will promptly pay the same without set-off or deduction and, without any demand or notice whatsoever, and that in the case of any extension of time of payment or renewal of any Guaranteed Obligation, the same will be promptly paid in full when due (whether at extended maturity, by acceleration or otherwise) in accordance with the terms of such extension or renewal.

2.02 OBLIGATIONS UNCONDITIONAL. The obligations of the Guarantor under Section 2.01 are absolute and unconditional, irrespective of the value, genuineness, validity, regularity or enforceability of the obligations of the Facility Lessee under the Facility Lease or any other agreement or instrument referred to therein, or any substitution, release or exchange of any other guarantee of or security for the Guaranteed Obligations, and, to the fullest extent permitted by applicable law, irrespective of any other circumstance whatsoever that might otherwise constitute a legal or equitable discharge or defense of a surety or guarantor, it being the intent of this Section 2.02 that the obligations of the Guarantor hereunder shall be absolute and unconditional, under any and all circumstances. Without limiting the generality of the foregoing, it is agreed that the occurrence of any one or more of the following shall not alter or impair the liability of the Guarantor hereunder, which shall remain absolute and unconditional as described above:

at any time or from time to time, without notice to the Guarantor, the time for any performance of or compliance with any of the Guaranteed Obligations shall be extended, or such performance or compliance shall be waived;

any of the acts mentioned in any of the provisions of the Operative Documents or any other agreement or instrument referred to therein shall be done or omitted; or

the maturity of any of the Guaranteed Obligations shall be accelerated, or any of the Guaranteed Obligations shall be modified, supplemented or amended in any respect, or any right under the Operative Documents or any other agreement or instrument referred to therein shall be waived or any other guarantee of a Guaranteed Obligation or any security therefor shall be released or exchanged in whole or in part or otherwise dealt with.

Without limiting the generality of the foregoing, the Guarantor shall have no right to terminate this Guarantee, or to be released, relieved or discharged from its obligations hereunder, and such obligations shall be neither affected nor diminished for any reason whatsoever, including:

(i) any amendment or supplement to or modification of any of the Operative Documents, any extension or renewal of the Facility Lessee's obligations under any Operative Document, or any subletting, assignment or transfer of the Facility Lessee's or the Owner Lessor's interest in the Operative Documents;

any bankruptcy, insolvency, readjustment, composition, liquidation or any other change in the legal status of the Facility Lessee or any rejection or modification of the Guaranteed Obligations as a result of any bankruptcy, reorganization, insolvency or similar proceeding;

any furnishing or acceptance of additional security or any exchange, substitution, surrender or release of any security;

any waiver, consent or other action or inaction or any exercise or nonexercise of any right, remedy or power with respect to the Guaranteed Obligations or any of the Operative Documents;

the unenforceability, lack of genuineness or invalidity of the Guaranteed Obligations or any part thereof or the unenforceability, lack of genuineness or invalidity of any agreement relating thereto;

(A) any merger or consolidation of the Facility Lessee or the Guarantor into or with any other Person, (B) any change in the structure of the Facility Lessee, (C) any change in the ownership of the Facility Lessee or the Guarantor or (D) any sale, lease or transfer of any or all of the assets of the Facility Lessee or the Guarantor to any other Person;

any default, misrepresentation, negligence, misconduct or other action or inaction of any kind by the Owner Lessor under or in connection with any Operative Document or any other agreement relating to this Guarantee, except to the extent that any such default, misrepresentation, negligence, misconduct or other action or inaction would limit the Guaranteed Obligations; or

any other act, occurrence or circumstance whatsoever (except the complete payment and performance of the Guaranteed Obligations), including, without limitation, any act or omission of the Facility Lessee or the Owner Lessor which changes the scope of the Guarantor's risk.

The Guarantor hereby expressly waives diligence, presentment, demand of payment, protest and all notices whatsoever, and any requirement that the Owner Lessor or any other Person exhaust any right, power or remedy or proceed against the Facility Lessee under the Facility Lease, the other Operative Documents or any other agreement or instrument referred to therein, or against any other Person under any other guarantee of, or security for, the Guaranteed Obligations.

2.03 GUARANTEED TV AMOUNT. If, during the period starting on the date hereof and until the sixteenth anniversary of the Closing Date, upon a Lease Event of Default, the Owner Lessor or the Lease Indenture Trustee, as the case may be, exercises the remedies set forth in Sections 17.1(b), (c) and (d) of the Facility Lease without first providing to the Facility Lessee and the Guarantor a written demand for payment contemplated by Section 17.1(e) of the Facility Lease (unless the Owner Lessor or the Lease Indenture Trustee, as the case may be, is stayed or otherwise prevented by operation of law from issuing such demand, in which event such written demand shall be deemed to have been issued), then the obligations of the Guarantor under this Guarantee with respect to payment of Termination Value shall be limited to the amount set forth on Schedule 1 hereto applicable at such time.

2.04 REINSTATEMENT. The obligations of the Guarantor under this Article 2 shall be automatically reinstated if and to the extent that for any reason any payment by or on behalf of the Facility Lessee in respect of any of the Guaranteed Obligations is rescinded or must be otherwise restored by any holder of a Guaranteed Obligation, whether as a result of any proceedings in bankruptcy or reorganization or otherwise, and the Guarantor agrees that it will indemnify the Owner Lessor on demand for all reasonable costs and expenses (including fees of counsel) incurred by the Owner Lessor in connection with such rescission or restoration, including any such costs and expenses incurred in defending against any claim alleging that such payment constituted a preference, fraudulent transfer or similar payment under any bankruptcy, insolvency or similar law.

2.05 SUBROGATION. The Guarantor shall be subrogated to any and all rights of the holders of the Guaranteed Obligations against the Facility Lessee in respect of any amounts paid to the holders of the Guaranteed Obligations in respect of any amounts paid by the Guarantor under this Guarantee; PROVIDED, HOWEVER, that during the existence of a Lease Event of Default, the Guarantor shall not be entitled to enforce or to exercise any rights that it may acquire (or has theretofore acquired) by way of subrogation or any indemnity, reimbursement or other

agreement, in all cases as a result of performance by it of its guarantee in Section 2.01 until such time as the Guaranteed Obligations have been fully and indefeasibly paid in cash.

2.06 REMEDIES. The Guarantor agrees that, as between the Guarantor, on the one hand and the Facility Lessee and the Owner Lessor, on the other hand, the obligations of the Facility Lessee under the Facility Lease may be declared to be forthwith due and payable as provided in Section 17 of the Facility Lease (and shall be deemed to have become automatically due and payable in the circumstances provided in said Section) for purposes of Section 2.01 notwithstanding any stay, injunction or other prohibition preventing such declaration (or such obligations from becoming automatically due and payable) as against the Facility Lessee and that, in the event of such declaration (or such obligations being deemed to have become automatically due and payable), such obligations (whether or not due and payable by Facility Lessee) shall forthwith become due and payable by the Guarantor for purposes of Section 2.01.

2.07 INSTRUMENT FOR THE PAYMENT OF MONEY. The Guarantor hereby acknowledges that the guarantee in this Article 2 constitutes an instrument for the payment of money, and consents and agrees that the Owner Lessor, at its sole option, in the event of a dispute by the Guarantor in the payment of any moneys due hereunder, shall have the right to bring motion-action under New York CPLR Section 3213.

2.08 CONTINUING GUARANTEE. This Guarantee is a continuing guarantee, and shall apply to all of the Guaranteed Obligations whenever arising.

ARTICLE 3 ASSIGNMENT, ETC.

3.01 PAYMENTS UNDER ASSIGNMENT. The Owner Lessor hereby irrevocably directs (it being understood and agreed that such direction shall be deemed to have been revoked after the Lien created under the Lease Indenture shall have been fully discharged in accordance with its terms) the Guarantor, and the Guarantor agrees, to make all payments pursuant to, and in the manner set forth in, Section 2.01 hereof to the Lease Indenture Trustee's Account or such other place as the Lease Indenture Trustee may notify the Guarantor in writing pursuant to the Participation Agreement. The Guarantor hereby acknowledges assignment of this Guarantee by the Owner Lessor to the Lease Indenture Trustee for the benefit of the holders of the Lessor Notes. The Guarantor agrees that the Lease Indenture Trustee (acting for the benefit of the holders of the Lessor Notes) and any assignee thereof shall have the full right and power to enforce directly against the Guarantor any and all obligations of the Guarantor under this Guarantee and otherwise exercise all remedies hereunder and to make any and all requests required or permitted to be made by the Owner Trustee under this Guarantee.

ARTICLE 4 COVENANTS. The Guarantor agrees that it shall comply with each of the covenants set forth in Sections 7.1, 7.2 and 7.4 of the Participation Agreement**.**

ARTICLE 5 MISCELLANEOUS.

5.01 NO WAIVER. No failure on the part of the Owner Lessor or the Guarantor to exercise, no delay in exercising, and no course of dealing with respect to any right, power or privilege hereunder shall operate as a waiver thereof, and no single or partial exercise by the Owner Lessor or the Guarantor of any right, power or privilege hereunder shall preclude any

other or further exercise thereof or the exercise of any other right, power or privilege. The remedies provided herein are cumulative and are not exclusive of any remedies provided by applicable law.

5.02 NOTICES. All notices, requests and other communications provided for herein (including, without limitation, any modifications of, or waivers under, this Guarantee) shall be given or made in writing (including, without limitation, by telecopy) delivered to the intended recipient at the "Address for Notices" specified below its name on the signature pages hereof, or, as to any party, at such other address as shall be designated by such party in a notice to each other party. Except as otherwise provided in this Guarantee, all such communications shall be deemed to have been duly given (a) when received by certified mail or by an international courier, such as Federal Express, by such Person, at said address of such Person or (b) when transmitted by facsimile to the number specified below and the receipt confirmed telephonically by recipient, PROVIDED that such facsimile is promptly followed by a copy of such notice delivered to such Person by postage-prepaid certified mail, or by an international courier, such as Federal Express.

5.03 EXPENSES. The Guarantor agrees to pay to the Owner Lessor all reasonable out-of-pocket expenses (including reasonable expenses for legal services of every kind) of, or incident to, the enforcement of any of the provisions of this Guarantee, and for the defending or asserting of rights and claims of the Owner Lessor in respect thereof, by litigation or otherwise.

5.04 WAIVERS; ETC. The terms of this Guarantee may be waived, altered or amended only by an instrument in writing duly executed by the Owner Lessor and the Guarantor. Any such amendment or waiver shall be binding upon the Owner Lessor, the Facility Lessee and the Guarantor.

5.05 SUCCESSORS AND ASSIGNS. This Guarantee shall be binding upon and inure to the benefit of the respective successors and assigns of each of the Owner Lessor and the Guarantor. For the avoidance of doubt, the obligations of the Guarantor under this Guarantee may not be assigned without the prior written consent of the Owner Lessor.

5.06 COUNTERPARTS; INTEGRATION: EFFECTIVENESS. This Guarantee may be executed in any number of counterparts, all of which when taken together shall constitute one and the same instrument, and any of the parties hereto may execute this Guarantee by signing any such counterpart. This Guarantee constitutes the entire agreement and understanding among the parties hereto and supersedes any and all prior agreements and understandings, written or oral, relating to the subject matter hereof.

5.07 SEVERABILITY. If any provision hereof is invalid or unenforceable in any jurisdiction, then, to the fullest extent permitted by applicable law, (a) the other provisions hereof shall remain in full force and effect in such jurisdiction and shall be liberally construed in order to carry out the intentions of the parties hereto as nearly as may be possible and (b) the invalidity or unenforceability of any provision hereof in any jurisdiction shall not affect the validity or enforceability of such provision in any other jurisdiction.

5.08 HEADINGS. Headings appearing herein are used solely for convenience of reference and are not intended to affect the interpretation of any provision of this Guarantee.

5.09 SPECIAL EXCULPATION. NO CLAIM MAY BE MADE BY ANY PARTY HERETO OR ANY OTHER PERSON AGAINST THE OTHER PARTY HERETO, THE OWNER LESSOR (OR ANY PERSON FOR WHOSE BENEFIT THE OWNER LESSOR ACTS) OR THE AFFILIATES, DIRECTORS, OFFICERS, EMPLOYEES, ATTORNEYS OR AGENTS OF ANY OF THEM FOR ANY SPECIAL, INDIRECT, CONSEQUENTIAL OR PUNITIVE DAMAGES IN RESPECT OF ANY CLAIM FOR BREACH OF CONTRACT OR ANY OTHER THEORY OF LIABILITY ARISING OUT OF OR RELATING TO THIS GUARANTEE OR THE TRANSACTIONS CONTEMPLATED HEREBY, OR ANY ACT, OMISSION OR EVENT OCCURRING IN CONNECTION THEREWITH AND EACH PARTY HERETO HEREBY WAIVES, RELEASES AND AGREES, FOR ITSELF AND THOSE WHO CLAIM THROUGH IT, NOT TO SUE UPON ANY CLAIM FOR ANY SUCH DAMAGES, WHETHER OR NOT ACCRUED AND WHETHER OR NOT KNOWN OR SUSPECTED TO EXIST IN ITS FAVOR.

5.10 WAIVER OF JURY TRIAL. EACH OF THE OWNER LESSOR (FOR ITSELF AND ON BEHALF OF EACH PERSON WHO CLAIMS THROUGH THE OWNER LESSOR) AND THE GUARANTOR HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS GUARANTEE OR THE TRANSACTIONS CONTEMPLATED HEREBY.

5.11 NO THIRD PARTY BENEFICIARIES. THE AGREEMENTS OF THE PARTIES HERETO ARE SOLELY FOR THE BENEFIT OF THE OWNER LESSOR (AND EACH PERSON WHO CLAIMS THROUGH THE OWNER LESSOR), AND NO PERSON (OTHER THAN THE PARTIES HERETO AND THEIR SUCCESSORS AND ASSIGNS PERMITTED HEREUNDER) SHALL HAVE ANY RIGHTS HEREUNDER.

5.12 GOVERNING LAW; SUBMISSION TO JURISDICTION. This Guarantee shall be governed by, and construed in accordance with, the law of the State of New York. The Guarantor hereby submits to the non-exclusive jurisdiction of the United States District Court for the Southern District of New York and of the Supreme Court of the State of New York sitting in New York County (including its Appellate Division) and of any other appellate court in the State of New York for the purposes of all legal proceedings arising out of or relating to this Guarantee or the transactions contemplated hereby. The Guarantor hereby irrevocably waives, to the fullest extent permitted by applicable law, any objection that it may now or hereafter have to the laying of the venue of any such proceeding brought in such a court and any claim that any such proceeding brought in such a court has been brought in an inconvenient forum.

5.13 LIMITATIONS OF LIABILITY OF TRUSTEE. It is expressly understood and agreed by the parties hereto that this Guarantee is executed by Wilmington Trust Company, not individually or personally, but solely as Trustee under the Trust Agreement in the exercise of the power and authority conferred and vested in it as such Trustee, that each and all of the representations, undertakings and agreements herein made on the part of the Trustee or the Owner Lessor are intended not as personal representations, undertakings and agreements by

Wilmington Trust Company, or for the purpose or with the intention of binding Wilmington Trust Company, personally, but are made and intended for the purpose of binding only the Trust Estate, that nothing herein contained shall be construed as creating any liability of Wilmington Trust Company, or any incorporator or any past, present or future subscriber to the capital stock of, or stockholder, officer or director of Wilmington Trust Company, to perform any covenant either express or implied contained herein or in the other Operative Documents to which the Trustee or the Owner Lessor is a party, and that so far as Wilmington Trust Company is concerned, any Person shall look solely to the Trust Estate for the performance of any obligation hereunder or thereunder or under any of the instruments referred to herein or therein; PROVIDED, that nothing contained in this Section shall be construed to limit in scope or substance any general corporate liability of Wilmington Trust Company as expressly provided in the Trust Agreement or in the Participation Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Guarantee to be duly executed and delivered as of the day and year first above written.

NRG ENERGY, INC, as Guarantor

By: _____
Name:
Title:

Address for Notices:

NRG Energy, Inc.
211 Carnegie Center
Princeton, NJ 08540
Attention: Brian Curci
Telephone No.: (609) 524-4584

POWERTON TRUST I, as Owner Lessor

BY WILMINGTON TRUST COMPANY, not in its individual capacity but solely as trustee for Powerton Trust I

By: _____
Name:
Title:

Address for Notices:

c/o Wilmington Trust Company
Rodney Square North
1100 North Market Street
Wilmington, DE 19890
Attention: Corporate Trust Administration
Telecopier No.: (302) 651-8882

EXHIBIT 3

Agreed PoJo Cure Amount Schedule

Midwest Generation Pass-Through Certificates [(a)(b)(c)(d)]

Agreed POJO Cure Amount Calculation

PAYMENT SCHEDULE AND CURE CALCULATION

				Interest				Principal					Cum.	Total
	Date	Days (a)	Beg. Amt. Out.	Rate	Accrued	Paid (b)	Cum. Unpaid	Scheduled	Paid	Cum. Unpaid	Ending Amt. Out.	Cure Amount (c)	Lease Pmts. Received	Amount Received
Last Pre-BK Payment	07/02/12													
Petition Date (d)	12/17/12	164	$ 345.2	8.56%	$ 13.5		$ 13.5				$ 358.6			
Scheduled Payment Date (d)	01/02/13	16	358.6	10.56%	1.7	7.1	8.0	60.9		60.9	353.2		7.1	7.1
Scheduled Payment Date & Partial Lease Payment Date (d)	07/02/13	180	353.2	10.56%	18.6	3.8	22.9	63.5		124.4	368.1		10.9	10.9
Month End	07/31/13	28	368.1	10.56%	3.0		25.9			124.4	368.1		10.9	10.9
Partial Lease														

Payment Date	08/01/13	1	368.1	10.56%	0.1	3.8	22.3			124.4	364.3		14.6	14.6
Month End	08/31/13	29	364.3	10.56%	3.1		25.4			124.4	364.3		14.6	14.6
Partial Lease Payment Date	09/01/13	1	364.3	10.56%	0.1	3.8	21.7			124.4	360.6		18.4	18.4
Month End	09/30/13	29	360.6	10.56%	3.1		24.8			124.4	360.6		18.4	18.4
Partial Lease Payment Date	10/01/13	1	360.6	10.56%	0.1	3.8	21.2			124.4	356.8		22.1	22.1
Month End	10/31/13	29	356.8	10.56%	3.0		24.2			124.4	356.8		22.1	22.1
Partial Lease Payment Date	11/01/13	1	356.8	10.56%	0.1	3.8	20.5			124.4	353.1		25.9	25.9
Month End	11/30/13	29	353.1	10.56%	3.0		23.5			124.4	353.1		25.9	25.9
Partial Lease Payment Date	12/01/13	1	353.1	10.56%	0.1	3.8	19.9			124.4	349.3		29.6	29.6
Month End	12/31/13	29	349.3	10.56%	3.0		22.9			124.4	349.3		29.6	29.6
Scheduled Payment Date & Partial Lease Payment Date (d)	01/02/14	2	349.3	10.56%	0.2	3.8	19.3	66.2		190.6	364.5	209.9	33.4	243.3
Month End	01/31/14	28	364.5	10.56%	3.0		22.3			190.6	364.5	212.9	33.4	246.3
Partial Lease Payment Date	02/01/14	1	364.5	10.56%	0.1	3.8	18.7			190.6	360.7	209.3	37.1	246.4
Month End	02/28/14	29	360.7	10.56%	3.1		21.7			190.6	360.7	212.3	37.1	249.5
Partial Lease Payment Date	03/01/14	1	360.7	10.56%	0.1	3.8	18.1			190.6	357.0	208.7	40.9	249.6
Month End	03/31/14	29	357.0	10.56%	3.0		21.1			190.6	357.0	211.7	40.9	252.6
Partial Lease Payment Date	04/01/14	1	357.0	10.56%	0.1	3.8	17.5			190.6	353.2	208.1	44.6	252.7
Month End	04/30/14	29	353.2	10.56%	3.0		20.5			190.6	353.2	211.1	44.6	255.7
Partial Lease Payment Date	05/01/14	1	353.2	10.56%	0.1	3.8	16.9			190.6	349.5	207.4	48.4	255.8
Month End	05/31/14	29	349.5	10.56%	3.0		19.8			190.6	349.5	210.4	48.4	258.8
Partial Lease Payment Date	06/01/14	1	349.5	10.56%	0.1	3.8	16.2			190.6	345.7	206.8	52.1	258.9
Month End	06/30/14	29	345.7	10.56%	2.9		19.1			190.6	345.7	209.7	52.1	261.9
Scheduled Payment Date & Partial Lease Payment Date (d)	07/02/14	2	345.7	10.56%	0.2	3.8	15.6	69.0		259.6	360.7	275.2	55.9	331.1
Month End	07/31/14	28	360.7	10.56%	3.0		18.5			259.6	360.7	278.2	55.9	334.1

(a) Assumes interest calculated on 360-day year with twelve 30-day months
(b) Assumes $3.75 million monthly Partial Lease Payment continues to be timely paid through and including July 2014
(c) Represents sum of cumulative unpaid interest and cumulative unpaid principal; for periods in between the dates presented, interest would accrue at the Overdue Rate
(d) Interest added to the balance outstanding on the due date and the petition date

Agreed POJO Cure Amount Schedule [(a)(b)]

AGREED POJO CURE AMOUT

Date	Agreed POJO Cure Amount (a)	Amount Outstanding (b)
01/02/14	$ 209,918,877.00	$ 364,498,877.00
01/31/14	212,912,627.77	364,498,877.00
02/28/14	212,338,317.89	360,748,877.00
03/31/14	211,731,008.01	356,998,877.00
04/30/14	211,090,698.13	353,248,877.00
05/31/14	210,417,388.24	349,498,877.00
06/30/14	209,711,078.36	345,748,877.00
07/02/14	275,203,917.70	360,743,917.70
07/31/14	278,166,827.75	360,743,917.70

(a) For periods in between the dates presented interest would continue to accrue at the Overdue Rate

(b) Represents amount of pass-through-certificates outstanding including unpaid Interest, unpaid Principal, and Overdue Interest assuming $3.75 million monthly Partial Lease Payments continue to be timely paid through and including July 2014; does not include amounts received by Trustee or in Trustee escrow

Exhibit 2.5

SOLICITATION VERSION

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

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

DEBTORS' SECOND AMENDED JOINT CHAPTER 11 PLAN OF REORGANIZATION

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Counsel to Debtor Camino Energy Company and Conflicts Counsel to the other Debtors and Debtors in Possession

Dated: December 18, 2013

NOTHING CONTAINED HEREIN SHALL CONSTITUTE AN OFFER, ACCEPTANCE, OR A LEGALLY BINDING OBLIGATION OF THE DEBTORS OR ANY OTHER PARTY IN INTEREST. THIS PLAN IS SUBJECT TO APPROVAL OF THE BANKRUPTCY COURT AND OTHER CUSTOMARY CONDITIONS. THIS PLAN IS NOT AN OFFER WITH RESPECT TO ANY SECURITIES. YOU SHOULD NOT RELY ON THE INFORMATION CONTAINED IN, OR THE TERMS OF, THIS PLAN FOR ANY PURPOSE (INCLUDING IN CONNECTION WITH THE PURCHASE OR SALE OF THE DEBTORS' SECURITIES) BEFORE THE CONFIRMATION OF THIS PLAN BY THE BANKRUPTCY 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.

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Edison Mission Energy and the other Debtors in the above-captioned Chapter 11 Cases respectfully propose the following joint plan of reorganization pursuant to chapter 11 of the Bankruptcy Code. Capitalized terms used and not otherwise defined shall have the meanings ascribed to such terms in Article I.A of the Plan. The Chapter 11 Cases have been consolidated for procedural purposes only and are being jointly administered pursuant to an order of the Bankruptcy Court. Reference is made to the Disclosure Statement for a discussion of the Debtors' history, businesses, results of operations, historical financial information, projections, and future operations, as well as a summary and analysis of the Plan and certain related matters, including the Sale Transaction and distributions to be made under the Plan. Each Debtor is a proponent of the Plan contained herein within the meaning of section 1129 of the Bankruptcy Code.

ARTICLE I.
DEFINED TERMS, RULES OF INTERPRETATION, COMPUTATION OF TIME, AND GOVERNING LAW

A. Defined Terms

As used in the Plan, capitalized terms have the meanings set forth below.

1. "2006 EME Senior Notes Indenture" means that certain Indenture, dated as of June 6, 2006, between EME and the EME Senior Notes Indenture Trustee (as amended, modified, waived, and/or supplemented from time to time), providing for the issuance of 7.50% Senior Notes due 2013 and 7.75% Senior Notes due 2016.

2. "2007 EME Senior Notes Indenture" means that certain Indenture, dated as of May 7, 2007, between EME and the EME Senior Notes Indenture Trustee (as amended, modified, waived, and/or supplemented from time to time), providing for the issuance of 7.00% Senior Notes due 2017, 7.20% Senior Notes due 2019, and 7.625% Senior Notes due 2027.

3. "Accrued Professional Compensation Claims" means all Claims for reasonable and documented accrued fees and expenses (including transaction or sale fees) for services rendered by a Professional through and including the Confirmation Date, to the extent such fees and expenses have not been paid pursuant to the Interim Compensation Order or any other order of the Bankruptcy Court and regardless of whether a monthly fee statement or interim fee application has been Filed for such fees and expenses. To the extent the Bankruptcy Court denies or reduces by a Final Order any amount of a Professional's fees or expenses, then the amount by which such fees or expenses are reduced or denied shall reduce the applicable Accrued Professional Compensation Claim. For the avoidance of doubt, the PoJo Restructuring Fees, the Supporting Noteholder Fees, and the EME Senior Notes Indenture Trustee Fees shall not constitute Accrued Professional Compensation Claims.

4. "Acquired Companies" has the meaning given in the Purchase Agreement. The Acquired Companies are identified on **Schedule 1** attached hereto.

5. "Administrative Claim" means a Claim, other than an Assumed Liability, for costs and expenses of administration of the Debtors' Estates pursuant to sections 503(b) or 507(a)(2) of the Bankruptcy Code, including, without limitation: (a) the actual and necessary costs and expenses incurred after the Petition Date and through the Effective Date of preserving the Estates and operating the businesses of the Debtors unless a claim for such costs and/or expenses is Disputed or has been time-barred or otherwise disallowed by the Plan or a Final Order; (b) Accrued Professional Compensation Claims (to the extent Allowed by the Bankruptcy Court); (c) all fees and charges assessed against the Estates pursuant to chapter 123 of the Judicial Code, including but not limited to the U.S. Trustee Fees; (d) all Allowed requests for compensation or expense reimbursement for making a substantial contribution in the Chapter 11 Cases pursuant to sections 503(b)(3), (4), and (5) of the Bankruptcy Code; (e) the Supporting Noteholder Fees; (f) the PoJo Restructuring Fees; and (g) the EME Senior Notes Indenture Trustee Fees.

6. "Administrative Claims Bar Date" means the first Business Day that is 30 days following the Effective Date, subject to any exceptions specifically set forth in the Plan or a Final Order.

7. "Affidavit of Publication" means the [●], filed by the Notice, Claims, and Solicitation Agent on [●], 2013 [Docket No. ●].

8. "Affiliate" shall have the meaning set forth in section 101(2) of the Bankruptcy Code.

9. "Agreed PoJo Cure Amount" means (a) the sum of all amounts due under the Facility Leases, including, without limitation, all accrued and unpaid (i) Basic Lease Rent due and payable on any Rent Payment Date occurring prior to the Effective Date (including interest on any overdue principal and overdue interest at the Overdue Rate) and (ii) Supplemental Lease Rent minus (b) the sum of all payments made in respect of Rent pursuant to any forbearance, extension, or other agreement with any of the PoJo Parties including the "Initial Payment" made under the Forbearance Agreement by and among the PoJo Parties dated December 16, 2012. The Agreed PoJo Cure Amount shall be consistent with the schedule attached as **Exhibit F** of the Purchase Agreement, which schedule shall be included in the Plan Supplement. Capitalized terms used in this definition but not otherwise defined herein shall have the meanings set forth in the PoJo Leases and Documents.

10. "Allowed" means with respect to Claims: (a) any Claim, proof of which is timely Filed by the applicable Claims Bar Date (or for which Claim under the Plan, the Bankruptcy Code, or a Final Order of the Bankruptcy Court, a Proof of Claim is not or shall not be required to be Filed); (b) any Claim that is listed in the Schedules as not contingent, not unliquidated, and not disputed, and for which no Proof of Claim has been timely Filed; or (c) any Claim allowed pursuant to the Plan or a Final Order of the Bankruptcy Court; provided that, with respect to any Claim described in clauses (a) and (b) above, such Claim shall be considered Allowed only if and to the extent that with respect to such Claim no objection to the allowance thereof has been interposed within the applicable period of time fixed by the Plan, the Bankruptcy Code, the Bankruptcy Rules, or the Bankruptcy Court, or such an objection is so interposed and the Claim shall have been Allowed by a Final Order. Other than as may be provided in Article III for Unimpaired Claims that are not Assumed Liabilities or in Article V.G of the Plan with respect to the PoJo Leases and Documents, in no event shall the Allowed amount of any Claim exceed 100 percent of the principal amount of such Claim or otherwise include any amount for interest accruing after the Petition Date. Any Claim that (x) has been or is hereafter listed in the Schedules as contingent, unliquidated, or disputed, and for which no Proof of Claim is or has been timely Filed, or (y) is enjoined or released pursuant to the Plan, is not considered Allowed and shall be expunged without further action by the Debtors and without further notice to any party or action, approval, or order of the Bankruptcy Court. Notwithstanding anything to the contrary herein, no Claim of any Entity subject to section 502(d) of the Bankruptcy Code shall be deemed Allowed unless and until such Entity pays in full the amount that it owes such Debtor or Reorganized EME, as applicable. For the avoidance of doubt, a Proof of Claim filed after the applicable Claims Bar Date shall not be Allowed for any purposes whatsoever absent entry of a Final Order allowing such late-filed Claim. "Allow" and "Allowing" shall have correlative meanings.

11. "Assumed Liabilities" means the liability of any of the Debtors assumed by the Purchaser or any Post-Effective-Date Debtor Subsidiary pursuant to the Purchase Agreement.

12. "Avoidance Actions" means any and all actual or potential claims and causes of action to avoid a transfer of property or an obligation incurred by the Debtors pursuant to any applicable section of the Bankruptcy Code, including sections 502, 510, 542, 544, 545, 547—553, and 724(a) of the Bankruptcy Code or under similar or related state or federal statutes and common law, including fraudulent transfer laws.

13. "Ballot" means the form approved by the Bankruptcy Court and distributed to Holders of Impaired Claims entitled to vote on the Plan on which is to be indicated the acceptance or rejection of the Plan.

14. "Bankruptcy Code" means title 11 of the United States Code, 11 U.S.C. §§ 101—1532, as may be amended from time to time.

15. "Bankruptcy Court" means the United States Bankruptcy Court for the Northern District of Illinois having jurisdiction over the Chapter 11 Cases, and, to the extent of the withdrawal of any reference under 28 U.S.C. § 157.

16. "Bankruptcy Rules" means the Federal Rules of Bankruptcy Procedure, as applicable to the Chapter 11 Cases, promulgated under section 2075 of the Judicial Code and the general, local, and chambers rules of the Bankruptcy Court.

17. "Business Day" means any day, other than a Saturday, Sunday, or any other date on which banks located in Chicago, Illinois are closed for business as a result of federal, state, or local holiday.

18. "Capistrano Note" means that certain Secured Promissory Note, dated as of February 13, 2012, between Capistrano Wind Holdings, Inc. and Edison Mission Wind, Inc.

19. "Capistrano Pledge Agreement" means that certain Security and Pledge Agreement, dated as of February 13, 2012, between Capistrano Wind II, LLC and Edison Mission Wind, Inc.

20. "Cash" means the legal tender of the United States of America or the equivalent thereof, including bank deposits and checks.

21. "Causes of Action" means any Claim, cause of action (including Avoidance Actions), controversy, right of setoff, cross claim, counterclaim, or recoupment and any claim on contracts or for breaches of duties imposed by law or in equity, demand, right, action, Lien, indemnity, guaranty, suit, obligation, liability, damage, judgment, account, defense, power, privilege, license, and franchise of any kind or character whatsoever, known, unknown, fixed or contingent, matured or unmatured, suspected or unsuspected, liquidated or unliquidated, disputed or undisputed, secured or unsecured, assertable directly or derivatively, whether arising before, on, or after the Petition Date, in contract or in tort, in law or in equity, or pursuant to any other theory of law.

22. "Chapter 11 Cases" means the jointly administered chapter 11 cases commenced by the Debtors in the Bankruptcy Court and styled In re Edison Mission Energy, et al., No. 12-49219 (JPC).

23. "Claim" shall have the meaning set forth in section 101(5) of the Bankruptcy Code.

24. "Claims Bar Date" means the date by which a Proof of Claim must be or must have been Filed, as established by (a) the *Order (A) Setting Bar Dates for Filing Proofs of Claim, Including 503(b)(9) Proofs of Claim and (B) Approving the Form and Manner of Notice Thereof* , entered April 11, 2013 [Docket No. 669], (b) the *Order (A) Setting Bar Dates for Filing Proofs of Claim, Including Section 503(b)(9) Proofs of Claim, Against EME Homer City Generation L.P., Edison Mission Finance Co., and Homer City Property Holdings, Inc., and (B) Approving the Form and Manner of Notice Thereof*, entered August 22, 2013 [Docket No. 1137], or (c) any other Final Order of the Bankruptcy Court, as applicable.

25. "Claims Register" means the official register of Claims maintained by the Notice, Claims, and Solicitation Agent.

26. "Class" means a category of Holders of Claims or Interests as set forth in Article III of the Plan in accordance with section 1122(a) of the Bankruptcy Code.

27. "Committee" means the official committee of unsecured creditors appointed in the Chapter 11 Cases pursuant to section 1102(a) of the Bankruptcy Code on January 7, 2013 [Docket No. 202], as amended on January 18, 2013 [Docket No. 308].

28. "Committee Members" means each of the following, in each case solely in its capacity as a member of the Committee: (a) Wells Fargo Bank, National Association, solely in its capacity as EME Senior Notes Indenture Trustee; (b) Exelon Corp., as successor in interest to Commonwealth Edison Company; (c) Clennon Electric; (d) The Bank of New York Mellon, as successor pass through trustee and successor lease indenture trustee; (e) International Brotherhood of Boilermakers Local One; (f) Nesbitt Asset Recovery, LLC; (g) Peabody Coalsales, LLC; (h) Geo. J. Beemsterboer, Inc.; and (i) Rowell Chemical Corp.

29. "Compensation and Benefits Programs" means all employment and severance policies, all compensation, and any other employee benefit plans, policies, and programs and other arrangements (and all amendments and modifications thereto), in each case in place as of the Petition Date, applicable to the Debtors' and Non-Debtor Subsidiaries' respective employees, former employees, retirees, and non-employee directors and employees, former employees, and retirees of their subsidiaries, including, without limitations, all savings plans, retirement plans (whether or not such plans are intended to be qualified), health and/or welfare plans, disability plans, severance benefit plans, incentive plans and life, accidental death, and dismemberment insurance plans, or other similar plans.

30. "Compensation and Benefits Programs Escrow" means an interest-bearing account to hold and maintain an amount of Cash equal to the obligations under the Exit Plan and the Compensation and Benefits Programs funded by EME on the Effective Date solely for the purpose of making payments under the Exit Plan and the Compensation and Benefits Programs in accordance with Article IV.G of the Plan.

31. "Compensation Committee" means the Compensation Committee of the Board of Directors of EME.

32. "Confirmation" means the entry of the Confirmation Order on the docket of the Bankruptcy Court in the Chapter 11 Cases.

33. "Confirmation Date" means the date upon which the Bankruptcy Court enters the Confirmation Order on its docket in the Chapter 11 Cases, within the meaning of Bankruptcy Rules 5003 and 9021.

34. "Confirmation Hearing" means the hearing held by the Bankruptcy Court to consider Confirmation of the Plan pursuant to section 1129 of the Bankruptcy Code.

35. "Confirmation Order" means the order of the Bankruptcy Court confirming the Plan pursuant to section 1129 of the Bankruptcy Code.

36. "Consummation" means the occurrence of the Effective Date.

37. "Cure Cost" means all amounts (or such lesser amount as may be agreed upon by the parties under an Executory Contract or Unexpired Lease) payable by the Purchaser required to cure any defaults under any Executory Contract or Unexpired Lease that is to be assumed and/or assumed and assigned by the Debtors pursuant to sections 365 or 1123 of the Bankruptcy Code; provided, however, the amount required to cure any default under the PoJo Leases and Documents shall be satisfied by the payment in Cash of the Agreed PoJo Cure Amount and the PoJo Restructuring Fees on the Effective Date by EME.

38. "Debtors" means, collectively: Camino Energy Company, Chestnut Ridge Energy Company, EME, Edison Mission Finance Co., Edison Mission Energy Fuel Services, LLC, Edison Mission Fuel Resources, Inc., Edison Mission Fuel Transportation, Inc., Edison Mission Holdings Co., Edison Mission Midwest Holdings Co., EMEHC, Homer City Property Holdings, Inc., Midwest Finance Corp., Midwest Generation EME, LLC, MWG, Midwest Generation Procurement Services, LLC, Midwest Peaker Holdings, Inc., Mission Energy Westside, Inc., San Joaquin Energy Company, Southern Sierra Energy Company, and Western Sierra Energy Company.

39. "Debtor Subsidiaries" means, collectively, each Debtor other than: (a) EME; and (b) the Homer City Debtors.

40. "Disbursing Agent" means, on the Effective Date, Reorganized EME, its agent, the Notice, Claims, and Solicitation Agent, or any other Entity or Entities designated by Reorganized EME to make or facilitate distributions that are to be made on or after the Effective Date pursuant to the Plan.

41. "Disclosure Statement" means the disclosure statement for this Plan, including all exhibits and schedules thereto and references therein that relate to the Plan, that is or has been (as the case may be) prepared,

approved, and distributed in accordance with the Bankruptcy Code, the Bankruptcy Rules, and any other applicable law.

42. "Disclosure Statement Order" means the *Order Approving (A) the Adequacy of the Disclosure Statement, (B) Solicitation and Notice Procedures with Respect to Confirmation of the Debtors' Joint Chapter 11 Plan of Reorganization, (C) the Form of Ballots and Notices in Connection Therewith, and (D) the Scheduling of Certain Dates with Respect Thereto* , entered by the Bankruptcy Court on [●], 2013 [Docket No. ●].

43. "Disputed" means, with respect to any Claim or Interest, any Claim or Interest that is not yet Allowed. For the avoidance of doubt, a Disputed Claim or Interest shall not include any Claim or Interest that has been disallowed under the Plan or by Final Order.

44. "Disputed Claims Reserve" means an appropriate reserve, to be determined by EME, the Committee, and the Supporting Noteholders, unless otherwise ordered by the Bankruptcy Court, for distributions on account of Disputed Claims that are not Assumed Liabilities that are subsequently Allowed after the Effective Date.

45. "Disputed Claims Reserve Amount" means the amount of assets determined by EME, the Committee, and the Supporting Noteholders, including the New Interests, the common stock of the Parent (it being understood that, to avoid becoming an investment company or any other reason, Reorganized EME may from time to time dispose of the Parent's stock in exchange for Cash), or Cash that would likely have been distributed to the Holders of all applicable Disputed Claims against EME as if such Disputed Claims against EME had been Allowed Claims against EME on the Effective Date, with the amount of such Allowed Claims to be determined, solely for the purposes of establishing reserves and for maximum distribution purposes, to be (a) the lesser of (i) the asserted amount of each Disputed Claim against EME as scheduled by EME or, if and solely to the extent a non-duplicative Proof of Claim was filed in an asserted amount greater than the scheduled amount, the asserted amount filed with the Bankruptcy Court as set forth in such non-duplicative Proof of Claim or as provided by the parties to EME as further information with respect to the Proof of Claim, and (ii) the amount, if any, estimated by the Bankruptcy Court pursuant to section 502(c) of the Bankruptcy Code or ordered by other order of the Bankruptcy Court, or (b) the amount otherwise agreed to by EME, the Committee, the Supporting Noteholders, and the Holder of such Disputed or unliquidated Claim for reserve purposes.

46. "Distribution Record Date" means the date for determining which Holders of Allowed Claims are eligible to receive distributions hereunder, which shall be (a) the Effective Date or (b) such other date as designated in a Bankruptcy Court order.

47. "D&O Liability Insurance Policies" means all insurance policies of any of the Debtors for directors', managers', and officers' liability.

48. "DTC" means Depository Trust Company.

49. "Effective Date" means the date agreed to by the Debtors and the Purchaser Parties, in consultation with the Committee and the Supporting Noteholders, that is one (1) Business Day after the Confirmation Date on which: (a) no stay of the Confirmation Order is in effect; and (b) all conditions precedent specified in Article X.A of the Plan have been satisfied or waived (in accordance with Article X.B of the Plan).

50. "EIX" means Edison International, a California corporation listed on the New York Stock Exchange under symbol "EIX," together with its subsidiaries, including SCE and its subsidiaries, other than the Debtors and Non-Debtor Subsidiaries.

51. "EIX Litigation Claims" means all claims and causes of action made, or which could be made, on behalf of the Debtors and the Non-Debtor Subsidiaries against the EIX Litigation Parties, unless such claims or causes of action are specifically resolved or released pursuant to the Plan or other Final Order of the Bankruptcy Court.

52. "EIX Litigation Parties" means EIX and any of its predecessors, successors, assigns, and current and former affiliates, subsidiaries, representatives, agents, directors, managers, officers, and employees (including all entities and individuals named as defendants in the draft complaint attached to the Committee's motion filed on July 31, 2013 [Docket No. 1054]); provided that the term "EIX Litigation Parties" shall not include any Debtor, Non-Debtor Subsidiary, or Entity that serves or has served as a director, officer, or manager of any Debtor or any Non-Debtor Subsidiary since the Petition Date.

53. "EME" means Edison Mission Energy, a Delaware corporation and a Debtor in the Chapter 11 Cases.

54. "EMEHC" means EME Homer City Generation L.P., a Pennsylvania limited partnership and a Debtor in the Chapter 11 Cases.

55. "EME Interests" means Interests in EME.

56. "EME Retained Causes of Action" means the EIX Litigation Claims and those Avoidance Actions of the Debtors that are identified in an exhibit to the Plan Supplement, which exhibit shall be in form and substance reasonably acceptable to the Committee and Supporting Noteholders. The EME Retained Causes of Action shall vest in Reorganized EME on the Effective Date. For the avoidance of doubt, all EIX Litigation Claims shall be Retained Causes of Action unless such claims or causes of action are specifically resolved or released pursuant to the Plan or other Final Order of the Bankruptcy Court.

57. "EME Senior Notes" means, collectively, the: (a) 7.50% Senior Notes due 2013, issued in the original principal amount of $500,000,000 pursuant to the 2006 EME Senior Notes Indenture; (b) 7.75% Senior Notes due 2016, issued in the original principal amount of $500,000,000 pursuant to the 2006 EME Senior Notes Indenture; (c) 7.00% Senior Notes due 2017, issued in the original principal amount of $1,200,000,000 pursuant to the 2007 EME Senior Notes Indenture; (d) 7.20% Senior Notes due 2019, issued in the original principal amount of $800,000,000 pursuant to the 2007 EME Senior Notes Indenture; and (e) 7.625% Senior Notes due 2027, issued in the original principal amount of $700,000,000 pursuant to the 2007 EME Senior Notes Indenture.

58. "EME Senior Notes Claim" means any Claim against EME arising from or based upon the EME Senior Notes or the EME Senior Notes Indentures, which Claim shall be Allowed against EME in an amount equal to $[•].

59. "EME Senior Notes Indentures" means the 2006 EME Senior Notes Indenture and 2007 EME Senior Notes Indenture.

60. "EME Senior Notes Indenture Trustee" means Wells Fargo Bank, National Association, solely in its capacity as indenture trustee under the EME Senior Notes Indentures.

61. "EME Senior Notes Indenture Trustee Charging Lien" means any liens for payment of EME Senior Notes Indenture Trustee fees, costs, expenses and indemnification, including the fees, costs and expenses of the EME Senior Notes Indenture Trustee's professionals, as set forth in the EME Senior Notes Indentures.

62. "EME Senior Notes Indenture Trustee Fees" means the unpaid fees, costs, and expenses of the EME Senior Notes Indenture Trustee, including fees, costs, and expenses of the EME Senior Notes Indenture Trustee's attorneys, payable pursuant to the EME Senior Notes Indentures.

63. "EME Severance Plan" means that certain severance plan approved for certain EME Employees pursuant to the Shared Services Extension Order.

64. "Employees" means, as of the Effective Date, the employees of the Debtors and the Non-Debtor Subsidiaries.

65. "Entity" shall have the meaning set forth in section 101(15) of the Bankruptcy Code.

66. "Environmental Law" means all federal, state and local statutes, regulations, laws, ordinances, rules licenses, permits, and similar provisions having the force or effect of law, all judicial and administrative orders, agreements, and determinations and all common law concerning pollution or protection of the environment, or environmental impacts on human health and safety, including, without limitation, the Comprehensive Environmental Response, Compensation, and Liability Act; the Clean Water Act; the Clean Air Act; the Emergency Planning and Community Right-to-Know Act; the Federal Insecticide, Fungicide, and Rodenticide Act; the Resource Conservation and Recovery Act; the Safe Drinking Water Act; the Surface Mining Control and Reclamation Act; the Toxic Substances Control Act; and any state or local equivalents.

67. "Environmental Actions" means the court proceeding captioned United States, et al., v. Midwest Generation, et al, No. 09-cv-5277 (N.D. Ill.) and the related appeals pending before the United States Court of Appeals for the Seventh Circuit, Nos. 12-1026, 12-1051, and the court proceeding captioned United States, et al., v. EME Homer City Generation LP, et al., Nos. 2-11-cv-00019 (W.D. Penn.) and the related appeals pending before the United States Court of Appeals for the Third Circuit, Nos. 11-4407 and 11-4408.

68. "Estate" means, as to each Debtor, the estate created for the Debtor on the Petition Date pursuant to section 541 of the Bankruptcy Code.

69. "Exchange Act" means the Securities Exchange Act of 1934, 15 U.S.C. §§ 78a—78oo, as now in effect and hereafter amended, the rules and regulations promulgated thereunder, and any similar federal, state, or local law.

70. "Excluded Assets" means any asset of the Debtors that is not (a) acquired by the Purchaser or (b) retained by the Post-Effective-Date Debtor Subsidiaries pursuant to the Purchase Agreement.

71. "Excluded Liabilities" means any liability of the Debtors or Non-Debtor Subsidiaries that is that is defined as an Excluded Liability under the Purchase Agreement, including, for the avoidance of doubt, the EIX Litigation Claims, liabilities asserted by the PBGC, liabilities asserted by Taxing Authorities that arose prior to the Effective Date, and rejection damage claims on account of any Executory Contract or Unexpired Lease rejected by the Debtors (a) before the date of the Plan Sponsor Agreement or (b) on or after the date of the Plan Sponsor Agreement without the prior written consent of the Purchaser.

72. "Exculpated Parties" means, collectively: (a) the Purchaser Parties and the Acquired Companies; (b) the members of the Noteholder Group, generally, and the Supporting Noteholders, in such capacity; (c) the EME Senior Notes Indenture Trustee; (d) the Committee and the Committee Members; (e) the PoJo Parties; (f) the Debtors; (g) Reorganized EME; (h) the Post-Effective-Date Debtor Subsidiaries; (i) the Post-Effective-Date Homer City Debtors; and (j) with respect to the foregoing entities in clauses (a) through (i), their respective current and former affiliates, subsidiaries, officers, directors, principals, members, employees, agents, financial advisors, attorneys, accountants, investment bankers, consultants, representatives, and other professionals and, solely with respect to the Purchaser Parties and the Acquired Companies and Supporting Noteholders, their permitted assigns; and (g) the officers, directors, principals, members, employees, agents, financial advisors, attorneys, accountants, investment bankers, consultants, representatives, and other professionals of the Debtors and Non-Debtor Subsidiaries that served in such capacities during the Chapter 11 Cases; provided that no EIX Litigation Party shall constitute an Exculpated Party.

73. "Exculpation" means the exculpation set forth in Article VIII.E of the Plan.

74. "Executory Contract" means a contract to which one or more of the Debtors is a party that is subject to assumption or rejection under sections 365 or 1123 of the Bankruptcy Code.

75. "Exit Plan" means the payments made during the Chapter 11 Cases or after the Effective Date pursuant to the *Order Approving Exit Plan*, entered by the Bankruptcy Court on November 7, 2013 [Docket No. 1561].

76. "FERC" means the Federal Energy Regulatory Commission.

77. "File," "Filed," or "Filing" means file, filed, or filing with the Bankruptcy Court in the Chapter 11 Cases or, with respect to the filing of a Proof of Claim or proof of Interest, the Notice, Claims, and Solicitation Agent.

78. "Final Order" means, as applicable, an order or judgment of the Bankruptcy Court or other court of competent jurisdiction with respect to the relevant subject matter which has not been reversed, stayed, modified, or amended, as to which the time to appeal, petition for certiorari or move for reargument, reconsideration, or rehearing has expired and no appeal, petition for certiorari or motion for reargument, reconsideration, or rehearing has been timely filed, or as to which any appeal, petition for certiorari or motion for reargument, reconsideration or rehearing that has been or may be filed has been resolved by the highest court to which the order or judgment was appealed or from which certiorari, reargument, reconsideration, or rehearing was sought; provided that the possibility that a motion under Rule 60 of the Federal Rules of Civil Procedure, or any analogous rule under the Bankruptcy Rules or the Local Bankruptcy Rules of the Bankruptcy Court, may be filed relating to such order shall not prevent such order from being a Final Order; provided, further, that, subject to the terms of the Purchase Agreement, the Debtors reserve the right to waive any appeal period in consultation with the Purchaser Parties, the Committee, the Supporting Noteholders, and (solely with respect to any order that affects the rights of the PoJo Parties) the PoJo Parties.

79. "Final Insider Incentive Plan Order" means the *Final Order Authorizing Compensation of Insider Senior Executives Under Employee Incentive Programs*, entered by the Bankruptcy Court on March 20, 2013 [Docket No. 627].

80. "Final Non-Insider Incentive Plan Order" means the *Final Order Authorizing the Debtors to Implement Incentive Plans for Non-Insider Employees*, entered by the Bankruptcy Court on March 20, 2013 [Docket No. 626].

81. "Final Wages Order" means the *Amended Final Order Approving the Debtors' (A) Payment of Certain Prepetition Compensation and Reimbursable Employee Expenses, (B) Continued Employee Medical and Other Benefits, and (C) Continued Employee Compensation and Benefits Programs*, entered by the Bankruptcy Court on February 5, 2013 [Docket No. 401].

82. "General Unsecured Claims" means any Claim that is not Secured and is not: (a) an Administrative Claim; (b) a Priority Tax Claim; (c) an Other Priority Claim; (d) a Subordinated Claim; or (e) an Intercompany Claim.

83. "Governmental Unit" shall have the meaning set forth in section 101(27) of the Bankruptcy Code.

84. "Holder" means any Entity holding a Claim or an Interest.

85. "Homer City Debtors" means, collectively: (a) Chestnut Ridge Energy Company; (b) Edison Mission Finance Co.; (c) EMEHC; (d) Homer City Property Holdings, Inc.; (e) Mission Energy Westside Inc.; (f) Edison Mission Holdings Co.; and (g) Edison Mission Energy Services, Inc.

86. "Homer City Petition Date" means May 2, 2013, the date on which Edison Mission Finance Co., EMEHC, and Homer City Property Holdings, Inc. commenced their respective Chapter 11 Cases in the Bankruptcy Court.

87. "Homer City Waterfall" means, with respect to any amount of Homer City Wind Down Proceeds held by a Homer City Debtor, distributions in the following order of priority (in each case except as otherwise provided by the Plan): first, to Holders of Allowed Secured Claims against the applicable Homer City Debtor, solely with respect to the collateral securing such Allowed Secured Claims; second, to Holders of Allowed Administrative Claims against the applicable Homer City Debtor; third, to Holders of Allowed Priority Tax Claims and Allowed Other Priority Claims against the applicable Homer City Debtor; fourth, to Holders of Allowed General Unsecured Claims and Allowed Intercompany Claims against the applicable Homer City Debtor; and fifth,

to EME on account of Allowed Intercompany Interests in the applicable Homer City Debtor the balance, if any, of such amount.

88. "Homer City Wind Down" means the process commencing on the Effective Date to dissolve the Homer City Debtors, including any actions that the Plan Administrator determines in its sole discretion are necessary or appropriate to liquidate, settle, compromise, or resolve any Claims against, or assets held by, the Homer City Debtors.

89. "Homer City Wind Down Proceeds" means any proceeds of the Homer City Wind Down.

90. "IBEW CBA" means that certain Collective Bargaining Agreement, dated as of March 6, 2006, between MWG and the International Brotherhood of Electrical Workers, Local No. 15, as amended, extended, modified, or supplemented from time to time, including in accordance with *Order Approving Entry into Extension of Collective Bargaining Agreement and Granting Related Relief* [Docket No. 1562], entered by the Bankruptcy Court on November 7, 2013.

91. "Impaired" means, with respect to a Class of Claims or Interests, a Class of Claims or Interests that is not Unimpaired.

92. "Intercompany Claim" means any Claim held by a Debtor or any non-Debtor Affiliate against any Debtor, including: (a) the Intercompany Note Claims; and (b) the MWG Bridge Loan.

93. "Intercompany Interests" means Interests in any Debtor Subsidiary held by a Debtor.

94. "Intercompany Notes" means, collectively: (a) that certain Promissory Note, dated as of August 24, 2000, by EME, asborrower, in favor of MWG, as lender, in the original principal amount of $211,738,800 , due July 2, 2014; (b) that certain Promissory Note, dated as of August 24, 2000, by EME, as borrower, in favor of MWG, as lender, in the original principal amount of $285,849,200 , due January 2, 2015; (c) that certain Promissory Note, dated as of August 24, 2000, by EME, as borrower, in favor of MWG, as lender, in the original principal amount of $369,961,200 , due July 2, 2014; and (d) that certain Promissory Note, dated as of August 24, 2000, by EME, as borrower, in favor of MWG, as lender, in the original principal amount of $499,450,800, due January 2, 2016, each of which shall be terminated and extinguished and of no further force and effect as of the Effective Date pursuant to this Plan.

95. "Intercompany Note Claim" means any Claim of MWG against EME on account of the Intercompan y Notes.

96. "Interests" means the common stock, limited liability company interests, partnership interests and any other equity, ownership, or profits interests in and of any Debtor and options, warrants, rights, or other securities or agreements to acquire the common stock, limited liability company interests, partnership interests or other equity, ownership, or profits interests of any Debtor (whether or not arising under or in connection with any employment agreement), including any Claim against the Debtors subject to subordination pursuant to section 510(b) of the Bankruptcy Code arising from or related to any of the foregoing.

97. "Interim Compensation Order" means the *Order Approving Procedures for Interim Compensation and Reimbursement of Expenses for Professionals and Official Committee Members*, entered January 18, 2013 [Docket No. 331], as the same may be modified by a Court order approving the retention of a specific Professional or otherwise.

98. "Judicial Code" means title 28 of the United States Code, 28 U.S.C. §§ 1—4001.

99. "Lien" shall have the meaning set forth in section 101(37) of the Bankruptcy Code.

100. "Long-Term Incentive Plan" means the long-term incentive plan approved for certain executive Employees pursuant to the Final Insider Incentive Plan Order and Final Non-Insider Incentive Plan Order.

101. "MWG" means Midwest Generation, LLC, a Delaware limited liability company and a Debtor in the Chapter 11 Cases.

102. "MWG Bridge Loan" means that certain intercompany loan made by EME, as lender, to MWG, as borrower, pursuant to the *Order (A) Authorizing Midwest Generation, LLC to Grant First Priority Liens on Unencumbered Assets and Second Priority Liens on Encumbered Assets, in Connection with the MWG Bridge Loan, and (B) Granting Related Relief* [Docket No. 1573], entered by the Bankruptcy Court on November 12, 2013.

103. "Net Sale Proceeds" means the Sale Proceeds less Cash in an amount equal to the aggregate amount of any of the following to the extent they do not constitute Assumed Liabilities pursuant to the Purchase Agreement: (a) Allowed Secured Claims; (b) Allowed Administrative Claims (including, without limitation, Accrued Professional Compensation Claims (and any estimates thereof under Article III.C.3)); (c) Allowed Priority Tax Claims; (d) Allowed Other Priority Claims; (e) Allowed General Unsecured Claims against Debtor Subsidiaries; and (f) any other Cash to be paid or reserved for payments pursuant to and in accordance with the Plan and the Purchase Agreement, including, without limitation, the Disputed Claims Reserve, the Wind Down Budget, the Exit Plan, the Compensation and Benefits Programs, the Supporting Noteholder Fees, the PoJo Restructuring Fees, and the EME Senior Notes Indenture Trustee Fees.

104. "New Board" means the board of directors or managers or the equivalent governing body of Reorganized EME, as initially comprised as set forth in the Plan and as comprised thereafter in accordance with the terms of the applicable New Corporate Governance Documents. The New Board, the members of which shall be identified in the Plan Supplement, will consist of five (5) members: three (3) members shall be appointed by the Supporting Noteholders and the Committee; the other two (2) members shall be EME's existing independent directors.

105. "New Bylaws" means the bylaws, limited liability company agreement, partnership agreement, trust agreement, or functionally equivalent document, as applicable, of Reorganized EME, in form and substance acceptable to the Committee and Supporting Noteholders. The form of the New Bylaws shall be included in the Plan Supplement.

106. "New Certificate of Formation" means the certificate of incorporation or formation or functionally equivalent document as applicable, of Reorganized EME, which certificate or document, as applicable, shall be included in the Plan Supplement and be in form and substance acceptable to EME, the Committee, and the Supporting Noteholders.

107. "New Corporate Governance Documents" means, as applicable, (a) the New Certificate of Formation, (b) the New Bylaws, and (c) any other organizational or governance documents of Reorganized EME. The New Corporate Governance Documents shall be in form and substance acceptable to the Debtors, Committee, and Supporting Noteholders.

108. "New Interests" means the common stock, limited liability company interests, or other equity interests or economic interest, as the case may be, in Reorganized EME.

109. "Non-Debtor Subsidiaries" means all direct and indirect subsidiaries of any Debtor that is not a Debtor in the Chapter 11 Cases.

110. "Noteholder Group" refers to certain Holders of the EME Senior Notes Claims (including the Supporting Noteholders, in such capacity) represented by Ropes & Gray LLP and Houlihan Lokey Capital, Inc.

111. "Notice, Claims, and Solicitation Agent" means GCG, Inc., in its capacity as notice, claims, and solicitation agent for the Debtors.

112. "Original Petition Date" means December 17, 2012, the date on which each Debtor other than Edison Mission Finance Co., EMEHC, and Homer City Property Holdings, Inc. commenced their respective Chapter 11 Cases in the Bankruptcy Court.

113. "Other Priority Claim" means any Claim against any of the Debtors described in section 507(a) of the Bankruptcy Code to the extent such Claim has not already been paid during the Chapter 11 Cases, other than: (a) an Administrative Claim; (b) a Priority Tax Claim; or (c) an Assumed Liability.

114. "Parent" means NRG Energy, Inc.

115. "PBGC" means the Pension Benefit Guaranty Corporation.

116. "Person" shall have the meaning set forth in section 101(41) of the Bankruptcy Code.

117. "Petition Date" means the Original Petition Date or the Homer City Petition Date, as applicable.

118. "Plan" means this *Debtors' Second Amended Joint Chapter 11 Plan of Reorganization*, as the same may be amended, supplemented, or modified from time to time with the reasonable consent of the Purchaser Parties, the Committee, the Supporting Noteholders, and (solely with respect to any terms thereof that affect the rights of the PoJo Parties) the PoJo Parties, including the Plan Supplement, which is incorporated herein by reference and made part of the Plan as if set forth herein.

119. "Plan Administrator" means Reorganized EME or any Entity appointed by Reorganized EME.

120. "Plan Sponsor Agreement" means that certain Plan Sponsor Agreement, dated as of October 18, 2013, between the Purchaser Parties, EME,

the Debtor Subsidiaries, the PoJo Parties, the Committee, and the Supporting Noteholders.

121. "Plan Supplement" means the compilation of documents and forms of documents, schedules, and exhibits to the Plan, to be Filed not later than ten days prior to the Voting Deadline, as amended, supplemented, or modified from time to time in accordance with the terms of the Plan, the Purchase Agreement, the Plan Support Agreement, the Bankruptcy Code, and the Bankruptcy Rules, including: (a) to the extent known, the identity of the members of the New Board and the nature and compensation for any member of the New Board who is an "insider" under section 101(31) of the Bankruptcy Code; (b) the Schedule of Assumed Executory Contracts and Unexpired Leases; (c) the Schedule of Rejected Executory Contracts and Unexpired Leases; (d) the applicable New Corporate Governance Documents; (e) the Purchase Agreement; (f) a schedule identifying the EME Retained Causes of Action; (g) a schedule identifying the Purchaser Retained Causes of Action; (h) the Schedule of Eligible Employees; (i) the amount of the Disputed Claims Reserve Amount; (j) the calculation of the Agreed PoJo Cure Amount; (k) a summary of the Wind Down Budget, subject to appropriate confidentiality protections; and (l) any identification and tax information that will be requested of recipients of New Interests under Article VI.F.2 of the Plan. Except as specifically provided otherwise in the Plan, each document, schedule, and exhibit included in the Plan Supplement shall be reasonably acceptable to the Purchaser Parties, the Committee, the Supporting Noteholders, and (solely with respect to any document, schedule, or exhibit that affects the rights of the PoJo Parties) the PoJo Parties.

122. "PoJo EME Guarantee" means, collectively: (a) that certain guaranty agreement dated August 17, 2000, between EME and Nesbitt Asset Recovery Series P-1 (f/k/a Powerton Trust I); (b) that certain guaranty agreement dated August 17, 2000, between EME and Powerton Trust II; (c) that certain guaranty agreement dated August 17, 2000, between EME and Nesbitt Asset Recovery Series J-1 (f/k/a Joliet Trust I); and (d) that certain guaranty agreement dated August 17, 2000, between EME and Joliet Trust II.

123. "PoJo EME Guarantees" means (a) each PoJo EME Guarantee, (b) the PoJo EME Reimbursement Agreement, and (c) each PoJo EME OP Guarantee, which shall each be released, extinguished, and of no further force and effect on the Effective Date pursuant to the Plan.

124. "PoJo EME OP Guarantee" means, collectively, (a) that certain guaranty agreement dated as of August 17, 2000 between EME, Nesbitt Asset Recovery LLC, Series P-1 (f/k/a Powerton Generation I, LLC) and Nesbit Asset Recovery (f/k/a PSEGR Midwest, LLC); (b) that certain guaranty agreement dated as of August 17, 2000 between EME, Powerton Generation II, LLC and Associates Capital Investment, L.L.C.; (c) that certain guaranty agreement dated as of August 17, 2000 between EME, Nesbitt Asset Recovery LLC, Series J-1 (f/k/a Joliet

Generation I, LLC) and Nesbit Asset Recovery (f/k/a PSEGR Midwest, LLC); and (d) that certain guaranty agreement dated as of August 17, 2000 between EME, Joliet Generation II, LLC and Associates Capital Investment, L.L.C.

125. "PoJo EME Reimbursement Agreement" means, collectively, (a) that certain reimbursement agreement dated August 17, 2000 between EME and MWG; and (b) that certain reimbursement agreement dated October 26, 2001 between EME and MWG.

126. "PoJo Equity Investors" means each of the following, in each case in its capacity as an equity investor under the PoJo Leases and Documents: (a) Nesbitt Asset Recovery, LLC; and (b) Associates Capital Investments, L.L.C.

127. "PoJo Leases and Documents" means the "Operative Documents," as defined under each of: (a) that certain Participation Agreement (T1), dated as of August 17, 2000, between MWG, Nesbitt Asset Recovery Series P-1 (f/k/a Powerton Trust I) (as owner lessor), U.S. Bank Trust, National Association (as successor owner trustee), Nesbitt Asset Recovery, LLC Series P-1 (f/k/a Powerton Generation I, LLC) (as owner participant), EME, and The Bank of New York Mellon (as successor pass-through trustee and successor lease indenture trustee); (b) that certain Participation Agreement (T1), dated as of August 17, 2000, between MWG, Nesbitt Asset Recovery Series J-1 (f/k/a Joliet Trust I) (as owner lessor), U.S. Bank Trust, National Association (as owner trustee), Nesbitt Asset Recovery, LLC Series J-1 (f/k/a Joliet Generation I, LLC) (as owner participant), EME, and The Bank of New York Mellon (as successor pass-through trustee and successor lease indenture trustee); (c) that certain Participation Agreement (T2), dated as of August 17, 2000, between MWG, Powerton Trust II (as owner lessor), Wilmington Trust Company (as owner trustee), Powerton Generation II, LLC (as owner participant), EME, and The Bank of New York Mellon (as successor pass-through trustee and successor lease indenture trustee); and (d) that certain Participation Agreement (T2), dated as of August 17, 2000, between MWG, Joliet Trust II (as owner lessor), Wilmington Trust Company (as owner trustee), Joliet Generation II, LLC (as owner participant), EME, and The Bank of New York Mellon (as successor pass-through trustee and successor lease indenture trustee).

128. "PoJo Lease Modifications" means the modifications to the PoJo Leases and Documents pursuant to which MWG shall assume the PoJo Leases and Documents on the Effective Date, as further described in Section 9.4(b) of the Purchase Agreement and acceptable to the PoJo Parties.

129. "PoJo Owner Lessors" means each of the following, in each case in its capacity as an owner lessor under the PoJo Leases and Documents: (a) Nesbitt Asset Recovery Series P-1 (f/k/a Powerton Trust I); (b) Nesbitt Asset Recovery Series J-1 (f/k/a Joliet Trust I); (c) Powerton Trust II; and (d) Joliet Trust II.

130. "PoJo Owner Participants" means each of the following, in each case in its capacity as an owner participant under the PoJo Leases and Documents: (a) Nesbitt Asset Recovery, LLC Series P-1 (f/k/a Powerton Generation I, LLC); (b) Nesbitt Asset Recovery, LLC Series J-1 (f/k/a Joliet Generation I, LLC); (c) Powerton Generation II, LLC; and (d) Joliet Generation II, LLC.

131. "PoJo Parties" means each of the following: (a) the PoJo Owner Lessors; (b) the PoJo Owner Participants; (c) the PoJo Equity Investors; (d) U.S. Bank Trust, National Association (as successor owner trustee); (e) Wilmington Trust Company (as owner Trustee); and (f) The Bank of New York Mellon (as successor pass-through trustee and successor lease indenture trustee).

132. "PoJo Pass Through Certificates" means those certain 8.56% Series B Pass Through Certificates, issued in the original principal amount of $813,500,000 pursuant to the Pass Through Trust Agreement.

133. "PoJo Pass Through Trust Agreement" means that certain Pass Through Trust Agreement B, dated as of August 17, 2000, between MWG and The Bank of New York Mellon (as successor pass-through trustee).

134. "PoJo Restructuring Fees" means, as of the Effective Date, any then unpaid fees and out-of-pocket expenses of the attorneys and any then unpaid fees, transaction fees, and reasonable and documented out-of-pocket expenses of the financial advisors to the PoJo Parties.

135. "PoJo Tax Indemnity Agreements" means (a) that certain Tax Indemnity Agreement, dated as of August 17, 2000, between Nesbitt Asset Recovery, LLC Series P-1 (f/k/a Powerton Generation I, LLC) and EME; (b) that certain Tax Indemnity Agreement, dated as of August 17, 2000, between Nesbitt Asset Recovery, LLC Series J-1 (f/k/a Joliet Generation I, LLC) and EME; (c) that certain Tax Indemnity Agreement, dated as of August 17, 2000, between Powerton Generation II, LLC and EME; and (d) that certain Tax Indemnity Agreement, dated as of August 17, 2000, between Joliet Generation II, LLC and EME.

136. "Post-Effective-Date Debtor Subsidiaries" means the Debtor Subsidiaries, each as reorganized pursuant to and under the Plan, each of which is an Acquired Company, or any successor thereto, by merger, consolidation, or otherwise.

137. "Post-Effective-Date EME Matters" means the process commencing on the Effective Date to (a) liquidate, settle, compromise, or resolve any of the following, each of which shall vest in Reorganized EME on the Effective Date unless otherwise provided by the Plan or the Purchase Agreement: (i) all Excluded Assets and; (ii) all EIX Litigation Claims, rights under contracts with the EIX Litigation Parties (including any tax sharing agreements between EME and its affiliates other than the Debtor Subsidiaries and the Non-Debtor Subsidiaries), and other obligations of, or associated with, the EIX Litigation Parties, including any receivables from EIX, shared services, tax sharing payments, and insurance policies and offsets related thereto; (b) to liquidate, compromise, settle or resolve Excluded Liabilities of the Debtors that are not compromised, settled, resolved, released, discharged, or enjoined pursuant to the Plan; (c) unless liquidated, settled, compromised, or resolved pursuant to clause (a), prosecute the EIX Litigation Claims; (d) liquidate, settle, compromise, or resolve any Claims against or assets held by the Homer City Debtors; and (e) take any other or further action, as determined by the New Board to be necessary or appropriate.

138. "Post-Effective-Date Homer City Debtors" means the Homer City Debtors, each as reorganized pursuant to and under the Plan, or any successor thereto, by merger, consolidation, or otherwise.

139. "Priority Tax Claim" means any Claim of a Governmental Unit of the kind specified in section 507(a)(8) of the Bankruptcy Code other than an Assumed Liability.

140. "Pro Rata" means the proportion that the amount of an Allowed Claim in a particular Class bears to the aggregate amount of Allowed Claims in that Class, or the proportion to the aggregate amount that Allowed Claims in a particular Class bear to the aggregate amount of Allowed Claims in a particular Class and other Classes entitled to share in the same recovery as such Allowed Claim under the Plan.

141. "Professional" means an Entity: (a) retained in the Chapter 11 Cases pursuant to a Final Order in accordance with sections 327, 363, or 1103 of the Bankruptcy Code and to be compensated for services rendered pursuant to sections 327, 328, 329, 330, 331, and 363 of the Bankruptcy Code; or (b) awarded compensation and reimbursement by the Bankruptcy Court pursuant to section 503(b)(4) of the Bankruptcy Code.

142. "Professional Fee Escrow" means an interest-bearing account, which shall be funded exclusively from the Sale Proceeds, to hold and maintain an amount of Cash equal to the Professional Fee Escrow Amount funded by the Debtors on the Effective Date solely for the purpose of paying all Allowed and unpaid Accrued Professional Compensation Claims.

143. "Professional Fee Escrow Amount" means the amount of Cash transferred by the Debtors, with the consent of the Committee and Supporting Noteholders, to the Professional Fee Escrow to pay Accrued Professional Compensation Claims.

144. "Proof of Claim" means a proof of Claim Filed against any of the Debtors in the Chapter 11 Cases.

145. "Purchase Agreement" means that certain Asset Purchase Agreement, dated as of October 18, 2013, between the Purchaser Parties and EME, together with all exhibits, schedules, and attachments thereto, as the same may be amended, supplemented, or modified.

146. "Purchaser" means NRG Energy Holdings Inc.

147. "Purchaser Parties" means the Purchaser and the Parent.

148. "Purchaser Retained Causes of Action" means all Causes of Action other than (a) the EIX Litigation Claims and (b) any Avoidance Actions, which Purchaser Retained Causes of Action shall vest in Purchaser or the Post-Effective-Date Debtor Subsidiary, as applicable, and shall be identified in the Plan Supplement.

149. "Reinstated" means: (a) leaving unaltered the legal, equitable, and contractual rights to which a Claim or Interest entitles the Holder of such Claim or Interest so as to leave such Claim or Interest not Impaired or (b) notwithstanding any contractual provision or applicable law that entitles the Holder of a Claim or Interest to demand or receive accelerated payment of such Claim or Interest after the occurrence of a default: (i) curing any such default that occurred before or after the Petition Date, other than a default of a kind specified in section 365(b)(2) of the Bankruptcy Code or of a kind that section 365(b)(2) expressly does not require to be cured; (ii) reinstating the maturity (to the extent such maturity has not otherwise accrued by the passage of time) of such Claim or Interest as such maturity existed before such default; (iii) compensating the Holder of such Claim or Interest for any damages incurred as a result of any reasonable reliance by such Holder on such contractual provision or such applicable law; (iv) if such Claim or Interest arises from a failure to perform a nonmonetary obligation other than a default arising from failure to operate a nonresidential real property lease subject to section 365(b)(1)(A), compensating the Holder of such Claim or Interest (other than the Debtor or an insider) for any actual pecuniary loss incurred by such Holder as a result of such failure; and (v) not otherwise altering the legal, equitable or contractual rights to which such Claim or Interest entitles the Holder.

150. "Released Party" means, collectively: (a) the Purchaser Parties and the Acquired Companies; (b) the members of the Noteholder Group, generally, and the Supporting Noteholders, in such capacity; (c) the EME Senior Notes Indenture Trustee; (d) the Committee and the Committee Members; (e) the PoJo Parties; and (f) with respect to the foregoing entities in clauses (a) through (e), their respective current and former affiliates, subsidiaries, officers, directors, principals, members, employees, agents, financial advisors, attorneys, accountants, investment bankers, consultants, representatives, and other professionals and, solely with respect to the Purchaser Parties, the Acquired Companies, and the Supporting Noteholders, their permitted assigns; and (g) the Debtors' and Non-Debtors Subsidiaries' respective current officers, directors, principals, members, employees, agents, financial advisors, attorneys, accountants, investment bankers, consultants, representatives, and other professionals of the Debtors and Non-Debtor Subsidiaries that served in such capacities during the Chapter 11 Cases; provided that no EIX Litigation Party shall constitute a Released Party.

151. "Releasing Parties" means, collectively: (a) the EME Senior Notes Indenture Trustee; (b) the Supporting Noteholders; (c) the Committee and the Committee Members; (d) the PoJo Parties; and (e) without limiting the foregoing clauses (a), (b), (c), and (d), each Holder of a Claim against or Interest in the Debtors who does not opt out of the Plan's release provisions with respect to the Released Parties pursuant to an election contained on the relevant Ballot.

152. "Reorganized EME" means EME as reorganized pursuant to and under the Plan, or any successor thereto, by merger, consolidation, or otherwise, including, without limitation, a new limited liability company that may be formed or caused to be formed by the Debtors to, among other things, directly or indirectly acquire substantially all of the assets and/or stock of the Debtors that are not acquired by the Purchaser or retained by the Acquired Companies in the Sale Transaction and issue the New Interests to be distributed or sold pursuant to the Plan.

153. "Restructuring Transactions" means one or more transactions pursuant to section 1123(a)(5)(D) of the Bankruptcy Code to occur on or before the Effective Date or as soon as reasonably practicable thereafter, that may be necessary or appropriate to effect any transaction described in, approved by, contemplated by, or necessary to effectuate the Plan and Purchase Agreement, including (a) the execution and delivery of appropriate agreements or other documents of merger, sale, consolidation, equity issuance, certificates of incorporation, operating agreements, bylaws, or other documents containing terms that are consistent with or reasonably necessary to implement the terms of the Plan and that satisfy the requirements of applicable law; (b) the execution and delivery of

appropriate instruments of sale, equity issuance, transfer, assignment, assumption, or delegation of any property, right, liability, duty, or obligation on terms consistent with the terms of the Plan; and (c) if implemented pursuant to the Plan, all transactions necessary to provide for the purchase of substantially all of the assets or Interests of any of the Debtors, which purchase may be structured as a taxable transaction for United States federal income tax purposes; and (d) all other actions that the Debtors determine are necessary or appropriate.

154. "Sale Proceeds" means the Cash and stock proceeds of the Sale Transaction payable to EME by the Purchaser upon the closing under the Purchase Agreement and Plan.

155. "Sale Transaction" means that certain transaction between EME and the Purchaser Parties as set forth in the Purchase Agreement.

156. "SCE" means Southern California Edison Company, a California corporation, and all of its direct and indirect subsidiaries.

157. "Schedule of Assumed Executory Contracts and Unexpired Leases " means the schedule of certain Executory Contracts and Unexpired Leases to be assumed by the Debtors pursuant to the Plan, including any Cure Costs related thereto, in the form filed as part of the Plan Supplement, as the same may be amended, modified, or supplemented from time to time.

158. "Schedule of Eligible Employees" means the updated schedule of Eligible Employees (as defined under the Purchase Agreement) to be provided to the Purchaser, which schedule shall be filed with the Plan Supplement.

159. "Schedule of Rejected Executory Contracts and Unexpired Leases " means the schedule of certain Executory Contracts and Unexpired Leases to be rejected by the Debtors pursuant to the Plan in the form filed as part of the Plan Supplement, as the same may be amended, modified, or supplemented from time to time.

160. "Schedules" means, collectively, the schedules of assets and liabilities, schedules of Executory Contracts and Unexpired Leases, and statements of financial affairs Filed by the Debtors pursuant to section 521 of the Bankruptcy Code and in substantial accordance with the Official Bankruptcy Forms, as the same may have been amended, modified, or supplemented from time to time.

161. "Secured" means when referring to a Claim: (a) secured by a Lien on property in which the applicable Estate has an interest, which Lien is valid, perfected, and enforceable pursuant to applicable law or by reason of a Bankruptcy Court order, or that is subject to setoff pursuant to section 553 of the Bankruptcy Code, to the extent of the value of the creditor's interest in such Estate's interest in such property or to the extent of the amount subject to setoff, as applicable, as determined pursuant to section 506(a) of the Bankruptcy Code; or (b) otherwise Allowed pursuant to the Plan as a Secured Claim.

162. "Securities Act" means the Securities Act of 1933, 15 U.S.C. §§ 77a—77aa, as amended, or any similar federal, state, or local law.

163. "Shared Services Extension Order" means the *Order Authorizing Extension of Intercompany and Shared Services Arrangements and Other Benefit Plans* [Docket No. 1563], entered by the Bankruptcy Court on November 7, 2013, authorizing the Debtors to, among other things, implement the EME Severance Plan and continue performing obligations related to certain shared services provided by EIX.

164. "Subordinated Claim" means any Claim that is subject to contractual, legal, and/or equitable subordination, whether arising under general principles of equitable subordination, section 510(b) of the Bankruptcy Code, or otherwise.

165. "Supporting Noteholders" means the Holders of EME Senior Notes Claims that have signed the Plan Sponsor Agreement or otherwise agreed to be bound by its terms by the Voting Record Date.

166. "Supporting Noteholder Fees" means, as of the Effective Date, (a) all accrued and unpaid reasonable, actual, and documented fees and expenses of Ropes & Gray LLP and Schiff Hardin LLP payable pursuant to the R&G Agreement, as defined in and assumed by the Debtors pursuant to the *Order Authorizing Debtors to Pay Fees and Expenses of Counsel to the Informal Committee of Edison Mission Energy Unsecured Noteholders* , entered on January 18, 2013 [Docket No. 317]; and (b) all accrued and unpaid fees and expenses of Houlihan Lokey Capital, Inc., including, without limitation, any applicable transaction or completion fees due Houlihan Lokey Capital, Inc. pursuant to the terms of that certain letter agreement, dated as of May 7, 2012, between EME, Houlihan Lokey Capital, Inc., and Ropes & Gray LLP.

167. "Taxing Authority" means any governmental authority exercising any authority to impose, regulate, levy, asses, or administer the imposition of any tax.

168. "Unexpired Lease" means an unexpired lease to which one or more of the Debtors is a party that is subject to assumption or rejection under sections 365 or 1123 of the Bankruptcy Code.

169. "Unimpaired" means, with respect to a Class of Claims or Interests, a Claim or an Interest that is unimpaired within the meaning of section 1124 of the Bankruptcy Code.

170. "U.S. Trustee" means the United States Trustee for the Northern District of Illinois.

171. "U.S. Trustee Fees" means fees arising under section 1930(a)(6) of the Judicial Code and, to the extent applicable, accrued interest thereon arising under 31 U.S.C. § 3717.

172. "Wind Down Budget" means the budget, which shall be satisfactory in form and substance to the Debtors, the Committee, and the Supporting Noteholders, to fund the Post-Effective-Date EME Matters. The Wind Down Budget shall be subject to appropriate confidentiality protections.

173. "Viento II Pledge Agreement" means EME's pledge of equity interests in Non-Debtor Subsidiary Viento Funding II, Inc. to support certain borrowings of Non-Debtor Subsidiary Viento II Funding, Inc.

174. "Voting Deadline" means 4:00 p.m., prevailing Central Time, on [●].

175. "Voting Record Date" means 10:00 a.m., prevailing Central Time, on [●].

176. "Voting Report" means the [●], filed by the Notice, Claims, and Solicitation Agent on [●], 2014 [Docket No. ●].

B. Rules of Interpretation

For purposes herein: (a) in the appropriate context, each term, whether stated in the singular or the plural, shall include both the singular and the plural, and pronouns stated in the masculine, feminine, or neuter gender shall include the masculine, feminine, and the neuter gender; (b) except as otherwise provided, any reference herein to a contract, lease, instrument, release, indenture, or other agreement or document being in a particular form or on particular terms and conditions means that the referenced document shall be substantially in that form or substantially on those terms and conditions; (c) except as otherwise provided, any reference herein to an existing document or exhibit having been Filed or to be Filed shall mean that document or exhibit, as it may thereafter be amended, restated, supplemented, or otherwise modified in accordance with the terms of the Plan; (d) unless otherwise specified, all references herein to "Articles" are references to Articles of the Plan or hereto; (e) unless otherwise stated, the words "herein," "hereof," and ''hereto'' refer to the Plan in its entirety rather than to a particular portion of the Plan; (f) captions and headings to Articles are inserted for convenience of reference only and are not intended to be a part of or to affect the interpretation hereof; (g) the words "include" and "including," and variations thereof, shall not be deemed to be terms of limitation, and shall be deemed to be followed by the words "without limitation;" (h) the rules of construction set forth in section 102 of the Bankruptcy Code shall apply; (i) any term used in capitalized form herein that is not otherwise defined but that is used in the Bankruptcy Code or the Bankruptcy Rules shall have the meaning assigned to that term in the Bankruptcy Code or the Bankruptcy Rules,

as the case may be; (j) any docket number references in the Plan shall refer to the docket number of any document Filed with the Bankruptcy Court in the Chapter 11 Cases; (k) any effectuating provisions may be interpreted by Reorganized EME in such a manner that is consistent with the overall purpose and intent of the Plan all without further notice to or action, order, or approval of the Bankruptcy Court or any other Entity, and such interpretation shall control; and (l) except as otherwise provided, any references to the Effective Date shall mean the Effective Date or as soon as reasonably practicable thereafter.

C. Computation of Time

The provisions of Bankruptcy Rule 9006(a) shall apply in computing any period of time prescribed or allowed herein.

D. Governing Law

Unless a rule of law or procedure is supplied by federal law (including the Bankruptcy Code and Bankruptcy Rules) or unless otherwise specifically stated herein, the laws of the State of New York, without giving effect to the principles of conflict of laws, shall govern the rights, obligations, construction, and implementation of the Plan and any agreements, documents, instruments, or contracts executed or entered into in connection with the Plan (except as otherwise set forth in those agreements, in which case the governing law of such agreement shall control); provided that corporate or limited liability company governance matters shall be governed by the laws of the state of incorporation or formation, of the applicable Entity. To the extent a rule of law or procedure is supplied by federal bankruptcy law, the Bankruptcy Code, the Bankruptcy Rules, and the decisions and standards of the United States Supreme Court, the United States Court of Appeals for the Seventh Circuit, the United States District Court for the Northern District of Illinois, and the Bankruptcy Court, as applicable, shall govern and control.

E. Reference to Monetary Figures

All references in the Plan to monetary figures shall refer to currency of the United States of America, unless otherwise expressly provided herein.

ARTICLE II.
ADMINISTRATIVE CLAIMS AND PRIORITY TAX CLAIMS

A. Administrative Claims

Unless otherwise agreed to by the Holder of an Allowed Administrative Claim, each Holder of an Allowed Administrative Claim will receive in exchange for full and final satisfaction, compromise, settlement, release, and discharge of its Administrative Claim, the following applicable treatment:

1. for Administrative Claims that are Assumed Liabilities, payment from the Purchaser pursuant to the terms of the Purchase Agreement of an amount of Cash equal to the amount of such Allowed Administrative Claim (a) on the Effective Date, (b) if the Administrative Claim is not Allowed as of the Effective Date, no later than 30 days after the date on which an order Allowing such Administrative Claim becomes a Final Order, or as soon as reasonably practicable thereafter, or (c) if the Allowed Administrative Claim is based on liabilities incurred by the Debtors in the ordinary course of their business after the Petition Date, pursuant to the terms and conditions of the particular transaction giving rise to such Allowed Administrative Claims, without any further action by the Holders of such Allowed Administrative Claims and without any further notice to or action, order, or approval of the Bankruptcy Court; or

2. for Administrative Claims that are not Assumed Liabilities, payment of an amount of Cash equal to the amount of such Allowed Administrative Claim (a) on the Effective Date, (b) if the Administrative Claim is not Allowed as of the Effective Date, no later than 30 days after the date on which an order Allowing such Administrative Claim becomes a Final Order, or as soon as reasonably practicable thereafter, or (c) if the Allowed Administrative Claim is based on liabilities

incurred by the Debtors in the ordinary course of their business after the Petition Date, pursuant to the terms and conditions of the particular transaction giving rise to such Allowed Administrative Claims, without any further action by the Holders of such Allowed Administrative Claims and without any further notice to or action, order, or approval of the Bankruptcy Court.

Unless previously Filed, requests for payment of Administrative Claims (including Accrued Professional Compensation Claims) must be Filed and served on the Debtors no later than the Administrative Claims Bar Date. Holders of Administrative Claims that are required to File and serve a request for payment of such Administrative Claims by the Administrative Bar Date that do not File and serve such a request by the Administrative Claims Bar Date shall be forever barred, estopped, and enjoined from asserting such Administrative Claims against Reorganized EME, the Post-Effective-Date Debtor Subsidiaries, the Post-Effective-Date Homer City Debtors, or their respective property and such Administrative Claims shall be deemed discharged as of the Effective Date.

B. Priority Tax Claims

Except to the extent that a Holder of an Allowed Priority Tax Claim agrees to a less favorable treatment, in full and final satisfaction, compromise, settlement, release, and discharge of and in exchange for each Allowed Priority Tax Claim, each Holder of such Allowed Priority Tax Claim shall be treated in accordance with the terms set forth in section 1129(a)(9)(C) of the Bankruptcy Code.

C. Accrued Professional Compensation Claims

1. Professional Fee Escrow

As soon as reasonably practicable after the Confirmation Date and no later than the Effective Date, the Debtors shall establish the Professional Fee Escrow. The Debtors shall fund the Professional Fee Escrow, exclusively from the Sale Proceeds, with Cash equal to the Professional Fee Escrow Amount. The Professional Fee Escrow shall be funded no later than the Effective Date and maintained in trust for the Professionals and shall not be considered property of the Debtors' Estates; provided, however, that Reorganized EME shall have a reversionary interest in the excess, if any, of the amount of the Professional Fee Escrow over the aggregate Allowed Accrued Professional Compensation Claims to be paid from the Professional Fee Escrow.

2. Final Fee Applications and Payment of Accrued Professional Compensation Claims

All final requests for payment of Accrued Professional Compensation Claims incurred during the period from the Petition Date through the Confirmation Date, shall be Filed no later than 30 days after the Effective Date. After notice and a hearing in accordance with the procedures established by the Bankruptcy Code, Bankruptcy Rules and prior Bankruptcy Court orders, the Allowed amounts of such Accrued Professional Compensation Claims shall be determined by the Bankruptcy Court. The amount of Accrued Professional Compensation Claims owing to the Professionals shall be paid in Cash to such Professionals from funds held in the Professional Fee Escrow when such Claims are Allowed by a Final Order. To the extent that funds held in the Professional Fee Escrow are unable to satisfy the amount of Accrued Professional Compensation Claims owing to the Professionals, such Professionals shall have an Allowed Administrative Claim for any such deficiency, which shall be satisfied in accordance with Article II.A of the Plan. After all Accrued Professional Compensation Claims have been paid in full, the Final Order allowing such Accrued Professional Compensation Claims shall direct the escrow agent to return any excess amounts to Reorganized EME.

3. Estimation of Fees and Expenses

To receive payment for unbilled fees and expenses incurred through the Confirmation Date, the Professionals shall estimate their Accrued Professional Compensation Claims before and as of the Confirmation Date and shall deliver such estimate to the Debtors, the Committee, and the Supporting Noteholders no later than ten days prior to the Effective Date; provided, however, that such estimate shall not be considered an admission with respect to the fees and expenses of such Professional and such Professionals are not bound to any extent by the estimates. If a Professional does not provide an estimate, the Debtors may estimate the unbilled fees and expenses

of such Professional. The total amount so estimated shall be utilized by the Debtors, the Committee, and the Supporting Noteholders to determine the Professional Fee Escrow Amount.

4. Post-Confirmation Fees and Expenses

Except as otherwise specifically provided in the Plan, from and after the Confirmation Date, the Debtors shall, in the ordinary course of business and without any further notice to or action, order, or approval of the Bankruptcy Court, pay in Cash the reasonable legal, professional, or other fees and expenses incurred by the Debtors or the Committee. Upon the Confirmation Date, any requirement that Professionals comply with sections 327 through 331 and 1103 of the Bankruptcy Code or the Interim Compensation Order in seeking retention or compensation for services rendered after such date shall terminate, and the Debtors, in consultation with the Committee and Supporting Noteholders, may employ and pay any Professional or Ordinary Course Professional in the ordinary course of business without any further notice to or action, order, or approval of the Bankruptcy Court.

D. U.S. Trustee Statutory Fees

Each Debtor shall pay all of its respective U.S. Trustee Fees for each quarter (including any fraction thereof) until such Debtor's Chapter 11 Cases are converted, dismissed, or closed, whichever occurs first.

E. Treatment of Certain Claims

Notwithstanding anything to the contrary herein, the failure to object to Confirmation of this Plan by a Holder of an Allowed Administrative Expense Claim (other than the Holder of an Allowed Accrued Professional Compensation Claim), Allowed Priority Tax Claim, or Allowed Other Priority Claim against any Homer City Debtor shall be deemed to be such Holder's agreement to receive treatment for such Claim that is different from that set forth in section 1129(a)(9) of the Bankruptcy Code.

ARTICLE III.
CLASSIFICATION AND TREATMENT OF CLAIMS AND INTERESTS

In accordance with section 1123(a)(1) of the Bankruptcy Code, Administrative Claims and Priority Tax Claims have not been classified and, thus, are excluded from the Classes of Claims and Interests set forth in this Article III of the Plan.

A. Summary of Classification

A Claim or Interest is classified in a particular Class pursuant to sections 1122 and 1123(a)(1) of the Bankruptcy Code only to the extent that the Claim or Interest qualifies within the description of that Class and is classified in other Classes to the extent that any portion of the Claim or Interest qualifies within the description of such other Classes. Except as provided below, the Plan shall apply as a separate Plan for each of the Debtors. A Claim or Interest is also classified in a particular Class for the purpose of receiving distributions pursuant to the Plan only to the extent that such Claim or Interest is an Allowed Claim or Allowed Interest in that Class and has not been paid, released, or otherwise satisfied before the Effective Date. If substantive consolidation is ordered pursuant to Article IV.R of the Plan, each Class with respect to the Debtor Subsidiaries and Homer City Debtors shall vote as set forth in Article III of the Plan. If substantive consolidation is not ordered, each Class of Claims against or Interests in the Debtor Subsidiaries or the Homer City Debtors shall be deemed to constitute separate sub-Classes of Claims against and Interests in each of the Debtor Subsidiaries or the Homer City Debtors, as applicable, and each such sub-Class shall vote as a single separate Class for each of the Debtor Subsidiaries or the Homer City Debtors, as applicable, and the confirmation requirements of section 1129 of the Bankruptcy Code must be satisfied separately with respect to each of the Debtor Subsidiaries or the Homer City Debtors. The Debtors reserve the right to withdraw the Plan, after consultation with the Committee, the Supporting Noteholders, the Purchaser, and the PoJo Parties, with respect to one or more Debtors while seeking Confirmation or approval of the Plan with respect to all other Debtors; provided that the Debtors may not withdraw the Plan with respect to MWG while seeking Confirmation or approval of the Plan with respect to EME.

1. Summary of Classification for EME

The classification of Claims against and Interests in EME pursuant to the Plan is set forth below. The classification of Claims and Interests set forth herein shall apply ***only*** to Claims against and Interests in EME.

Class	Claims and Interests	Status	Voting Rights
A1	Other Priority Claims against EME	Unimpaired	Not Entitled to Vote (Presumed to Accept)
A2	Secured Claims against EME	Unimpaired	Not Entitled to Vote (Presumed to Accept)
A3	General Unsecured Claims against EME (Assumed Liabilities)	Impaired	Entitled to Vote
A4	General Unsecured Claims against EME (Not Assumed Liabilities)	Impaired	Entitled to Vote
A5	Joint-Liability General Unsecured Claims against EME	Impaired	Entitled to Vote
A6	Intercompany Claims against EME	Impaired	Not Entitled to Vote (Deemed to Reject)
A7	Subordinated Claims against EME	Impaired	Not Entitled to Vote (Deemed to Reject)
A8	EME Interests	Impaired	Not Entitled to Vote (Deemed to Reject)

2. Summary of Classification for Debtor Subsidiaries

The classification of Claims against and Interests in the Debtor Subsidiaries pursuant to the Plan is set forth below. The classification of Claims and Interests set forth herein shall apply ***only*** to Claims against and Interests in the Debtor Subsidiaries.

Class	Claims and Interests	Status	Voting Rights
B1	Other Priority Claims against Debtor Subsidiaries	Unimpaired	Not Entitled to Vote (Presumed to Accept)
B2	Secured Claims against Debtor Subsidiaries	Unimpaired	Not Entitled to Vote (Presumed to Accept)
B3	General Unsecured Claims against Debtor Subsidiaries	Impaired	Entitled to Vote
B4	Intercompany Claims against Debtor Subsidiaries	Impaired	Not Entitled to Vote (Deemed to Reject)
B5	Subordinated Claims against Debtor Subsidiaries	Impaired	Not Entitled to Vote (Deemed to Reject)

Class	Claims and Interests	Status	Voting Rights
B6	Intercompany Interests in Debtor Subsidiaries	Unimpaired	Not Entitled to Vote (Presumed to Accept)

3. Summary of Classification for Homer City Debtors

The classification of Claims against and Interests in the Homer City Debtors pursuant to the Plan is set forth below. The classification of Claims and Interests set forth herein shall apply ***only*** to Claims against and Interests in the Homer City Debtors.

Class	Claims and Interests	Status	Voting Rights
C1	Other Priority Claims against Homer City Debtors	Unimpaired	Not Entitled to Vote (Presumed to Accept)
C2	Secured Claims against Homer City Debtors	Unimpaired	Not Entitled to Vote (Presumed to Accept)
C3	General Unsecured Claims against Homer City Debtors	Impaired	Entitled to Vote
C4	Intercompany Claims against Homer City Debtors	Impaired	Entitled to Vote
C5	Subordinated Claims against Homer City Debtors	Impaired	Not Entitled to Vote (Deemed to Reject)
C6	Intercompany Interests in Homer City Debtors	Impaired	Entitled to Vote

B. Treatment of Claims Against and Interests in EME

1. Class A1—Other Priority Claims against EME

(a) *Classification*: Class A1 consists of all Other Priority Claims against EME.

(b) *Treatment*: Except to the extent that a Holder of an Allowed Class A1 Claim agrees to a less favorable treatment, in full and final

satisfaction, compromise, settlement, release, and discharge of and in exchange for each Class A1 Claim, each such Holder shall receive payment in full in Cash on the later of the Effective Date and the date such Class A1 Claim becomes an Allowed Class A1 Claim or as soon as reasonably practicable thereafter.

(c) *Voting*: Class A1 is Unimpaired. Holders of Claims in Class A1 are deemed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code and, therefore, are not entitled to vote to accept or reject the Plan.

2. Class A2—Secured Claims against EME

(a) *Classification*: Class A2 consists of all Secured Claims against EME.

(b) *Treatment*: Except to the extent that a Holder of an Allowed Class A2 Claim agrees to a less favorable treatment, in full and final satisfaction, compromise, settlement, release, and discharge of and in exchange for each Class A2 Claim, each such Holder shall

receive on the latest of the Effective Date, the date such Class A2 Claim becomes an Allowed Class A2 Claim, and the date or dates on which such Allowed Class A2 Claim becomes due and payable in the ordinary course in accordance with contractual terms without regard to acceleration, or as soon as reasonably practicable thereafter:

(i) for Class A2 Claims that are Assumed Liabilities, payment in full in Cash from the Purchaser pursuant to the terms of the Purchase Agreement; or

(ii) for Class A2 Claims that are not Assumed Liabilities, (A) payment in full in Cash, including the payment of any interest required to be paid under section 506(b) of the Bankruptcy Code or, if payment is not then due on the Effective Date, in accordance with the payment terms of any applicable agreement, or (B) other treatment that is not inconsistent with the Purchase Agreement.

(c) *Voting*: Class A2 is Unimpaired. Holders of Claims in Class A2 are deemed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code and, therefore, are not entitled to vote to accept or reject the Plan.

3. Class A3—General Unsecured Claims against EME (Assumed Liabilities)

(a) *Classification*: Class A3 consists of all General Unsecured Claims against EME that are Assumed Liabilities.

(b) *Treatment*: Except to the extent that a Holder of an Allowed Class A3 Claim agrees to a less favorable treatment, in full and final satisfaction, compromise, settlement, release, and discharge of and in exchange for each Class A3 Claim, each such Holder shall receive on the latest of the Effective Date, the date such Class A3 Claim becomes an Allowed Class A3 Claim, and the date or dates on which such Allowed Class A3 Claim becomes due and payable in the ordinary course in accordance with contractual terms without regard to acceleration, or as soon as reasonably practicable thereafter, payment in full in Cash from the Purchaser pursuant to the terms of the Purchase Agreement.

(c) *Voting*: Class A3 is Impaired. Holders of Claims in Class A3 as of the Voting Record Date are entitled to vote to accept or reject the Plan.

4. Class A4—General Unsecured Claims against EME (Not Assumed Liabilities)

(a) *Classification*: Class A4 consists of all General Unsecured Claims against EME that are not Assumed Liabilities.

(b) *Treatment*: Except to the extent that a Holder of an Allowed Class A4 Claim agrees to a less favorable treatment, in full and final satisfaction, compromise, settlement, release, and discharge of and in exchange for each Class A4 Claim, each such Holder shall receive on the latest of the Effective Date, the date such Class A4 Claim becomes an Allowed Class A4 Claim, and the date or dates on which such Allowed Class A4 Claim becomes due and payable in the ordinary course in accordance with contractual terms without regard to acceleration, or as soon as reasonably practicable thereafter:

(i) a Pro Rata distribution of the Net Sale Proceeds; and

(ii) a Pro Rata distribution of the New Interests.

(c) *Voting*: Class A4 is Impaired. Holders of Claims in Class A4 as of the Voting Record Date are entitled to vote to accept or reject the Plan.

5. Class A5—Joint-Liability General Unsecured Claims against EME

(a) *Classification*: Class A5 consists of all General Unsecured Claims against a Debtor Subsidiary that is an Excluded Liability for which EME is also liable under any theory (including, without limitation, joint and several liability, joint liability, agency, control liability, and other similar theories).

(b) *Allowance*: Class A5 Claims shall not be Allowed against, or receive any distribution on account of such Class A5 Claim from, any applicable Debtor Subsidiary, but instead shall only receive a distribution on account of such Class A5 Claim against EME, if and only to the extent such Class A5 Claim has been Allowed against EME.

(c) *Treatment*: Except to the extent that a Holder of an Allowed Class A5 Claim agrees to a less favorable treatment, in full and final satisfaction, compromise, settlement, release, and discharge of and in exchange for each Class A5 Claim, each such Holder shall receive the following treatment on the later of the Effective Date and the date such Class A5 Claim becomes an Allowed Class A5 Claim or as soon as reasonably practicable thereafter:

(i) a Pro Rata distribution of the Net Sale Proceeds; and

(ii) a Pro Rata distribution of the New Interests;

(d) *Voting*: Class A5 is Impaired. Holders of Claims in Class A5 as of the Voting Record Date are entitled to vote to accept or reject the Plan.

6. Class A6—Intercompany Claims against EME

(a) *Classification*: Class A6 consists of all Intercompany Claims against EME.

(b) *Treatment*: Allowed Class A6 Claims will be discharged, canceled, released, and extinguished as of the Effective Date, and will be of no further force or effect, and Holders of Allowed Class A6 Claims will not receive any distribution on account of such Allowed Class A6 Claims.

(c) *Voting*: Class A6 is Impaired. Holders of Claims in Class A6 are deemed to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code and, therefore, are not entitled to vote to accept or reject the Plan.

7. Class A7—Subordinated Claims against EME

(a) *Classification*: Class A7 consists of all Subordinated Claims against EME.

(b) *Treatment*: Class A7 Claims will be discharged, canceled, released, and extinguished as of the Effective Date, and will be of no further force or effect, and Holders of Class A7 Claims will not receive any distribution on account of such Claims.

(c) *Voting*: Class A7 is Impaired. Holders of Claims in Class A7 are deemed to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code and, therefore, are not entitled to vote to accept or reject the Plan.

8. Class A8—EME Interests

(a) *Classification*: Class A8 consists of all EME Interests.

(b) *Treatment*: EME Interests will be discharged, canceled, released, and extinguished as of the Effective Date, and will be of no further force or effect, and Holders of EME Interests will not receive any distribution on account of such Interests; provided that Reorganized EME may, in its sole and absolute discretion, take any step that it determines is reasonably necessary to preserve EME's tax attributes and maximize the value of the Estates, including, without limitation, altering the treatment of EME Interests.

(c) *Voting*: Class A8 is Impaired. Holders of Interests in Class A8 are deemed to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code and, therefore, are not entitled to vote to accept or reject the Plan.

C. Treatment of Claims against and Interests in Debtor Subsidiaries

1. Class B1—Other Priority Claims against Debtor Subsidiaries

(a) *Classification*: Class B1 consists of all Other Priority Claims against Debtor Subsidiaries.

(b) *Treatment*: Except to the extent that a Holder of an Allowed Class B1 Claim agrees to a less favorable treatment, in full and final satisfaction, compromise, settlement, release, and discharge of and in exchange for each Class B1 Claim, each such Holder shall receive payment in full in Cash on the later of the Effective Date and the date such Class B1 Claim becomes an Allowed Class B1 Claim or as soon as reasonably practicable thereafter.

(c) *Voting*: Class B1 is Unimpaired. Holders of Claims in Class B1 are deemed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code and, therefore, are not entitled to vote to accept or reject the Plan.

2. Class B2—Secured Claims against Debtor Subsidiaries

(a) *Classification*: Class B2 consists of all Secured Claims against Debtor Subsidiaries.

(b) *Treatment*: Except to the extent that a Holder of an Allowed Class B2 Claim agrees to a less favorable treatment, in full and final satisfaction, compromise, settlement, release, and discharge of and in exchange for each Class B2 Claim, each such Holder shall receive on the latest of the Effective Date, the date such Class B2 Claim becomes an Allowed Class B2 Claim, and the date or dates on which such Allowed Class B2 Claim becomes due and payable in the ordinary course in accordance with contractual terms without regard to acceleration, or as soon as practicable thereafter:

(i) for Class B2 Claims that are Assumed Liabilities, payment in full in Cash from the Purchaser pursuant to the terms of the Purchase Agreement; or

(ii) for Class B2 Claims that are not Assumed Liabilities, (A) payment in full in Cash, including the payment of any interest required to be paid under section 506(b) of the Bankruptcy Code or, if payment is not then due on the Effective Date, in accordance with the payment terms of any applicable agreement; or (B) other treatment such that the Allowed Class B2 Claim shall be rendered Unimpaired; provided that such treatment is not inconsistent with the Purchase Agreement.

(c) *Voting*: Class B2 is Unimpaired. Holders of Claims in Class B2 are deemed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code and, therefore, are not entitled to vote to accept or reject the Plan.

3. Class B3—General Unsecured Claims against Debtor Subsidiaries

(a) *Classification*: Class B3 consists of all General Unsecured Claims against Debtor Subsidiaries.

(b) *Treatment*: Except to the extent that a Holder of an Allowed Class B3 Claim agrees to a less favorable treatment, in full and final satisfaction, compromise, settlement, release, and discharge of and in exchange for each Class B3 Claim, each such Holder shall receive on the latest of the Effective Date, the date such Class B3 Claim becomes an Allowed Class B3 Claim, and the date or dates on which such Allowed Class B3 Claim becomes due and payable in the ordinary course in accordance with contractual terms without regard to acceleration, or as soon as reasonably practicable thereafter:

(i) for Class B3 Claims that are Assumed Liabilities, payment in full in Cash from the Purchaser pursuant to the terms of the Purchase Agreement; or

(ii) for Class B3 Claims that are not Assumed Liabilities, payment of principal in full in Cash.

(c) *Voting*: Class B3 is Impaired. Holders of Claims in Class B3 as of the Voting Record Date are entitled to vote to accept or reject the Plan.

4. Class B4—Intercompany Claims against Debtor Subsidiaries

(a) *Classification*: Class B4 consists of all Intercompany Claims against Debtor Subsidiaries.

(b) *Treatment*: Except as otherwise agreed by the applicable Debtor Subsidiary and the Purchaser, Allowed Class B4 Claims will be discharged, canceled, released, and extinguished as of the Effective Date, and will be of no further force or effect, and Holders of Allowed Class B4 Claims will not receive any distribution on account of such Allowed Class B4 Claims.

(c) *Voting*: Class B4 is Impaired. Holders of Claims in Class B4 are deemed to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code and, therefore, are not entitled to vote to accept or reject the Plan.

5. Class B5—Subordinated Claims against Debtor Subsidiaries

(a) *Classification*: Class B5 consists of all Subordinated Claims against Debtor Subsidiaries.

(b) *Treatment*: Class B5 Claims will be discharged, canceled, released, and extinguished as of the Effective Date, and will be of no further force or effect, and Holders of Class B5 Claims will not receive any distribution on account of such Claims.

(c) *Voting*: Class B5 is Impaired. Holders of Claims in Class B5 are deemed to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code and, therefore, are not entitled to vote to accept or reject the Plan.

6. Class B6—Intercompany Interests in Debtor Subsidiaries

(a) *Classification*: Class B6 consists of all Intercompany Interests in Debtor Subsidiaries.

(b) *Treatment*: Intercompany Interests in Debtor Subsidiaries will be Reinstated as of the Effective Date.

(c) *Voting*: Class B6 is Unimpaired. Holders of Interests in Class B6 are deemed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code and, therefore, are not entitled to vote to accept or reject the Plan.

D. Treatment of Claims against and Interests in Homer City Debtors

1. Class C1—Other Priority Claims against Homer City Debtors

(a) *Classification*: Class C1 consists of all Other Priority Claims against Homer City Debtors.

(b) *Treatment*: Except to the extent that a Holder of an Allowed Class C1 Claim agrees to a less favorable treatment, in full and final satisfaction, compromise, settlement, release, and discharge of and in exchange for each Class C1 Claim, each such Holder shall receive payment in full in Cash on the later of the Effective Date and the date such Class C3 Claim becomes an Allowed Class C1 Claim or as soon as reasonably practicable thereafter.

(c) *Voting*: Class C1 is Unimpaired. Holders of Claims in Class C1 are deemed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code and, therefore, are not entitled to vote to accept or reject the Plan.

2. Class C2—Secured Claims against Homer City Debtors

(a) *Classification*: Class C2 consists of all Secured Claims against Homer City Debtors.

(b) *Treatment*: Except to the extent that a Holder of an Allowed Class C2 Claim agrees to a less favorable treatment, in full and final satisfaction, compromise, settlement, release, and discharge of and in exchange for each Class C2 Claim, each such Holder shall receive the following treatment on the later of the Effective Date and the date such Class C2 Claim becomes an Allowed Class C2 Claim or as soon as reasonably practicable thereafter:

(i) payment in full in Cash, including the payment of any interest required to be paid under section 506(b) of the Bankruptcy Code or, if payment is not then due on the Effective Date, in accordance with the payment terms of any applicable agreement; or

(ii) other treatment such that the Allowed Class C2 Claim shall be rendered Unimpaired.

(c) *Voting*: Class C2 is Unimpaired. Holders of Claims in Class C2 are deemed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code and, therefore, are not entitled to vote to accept or reject the Plan.

3. Class C3—General Unsecured Claims against Homer City Debtors

(a) *Classification*: Class C3 consists of all General Unsecured Claims against Homer City Debtors.

(b) *Treatment*: Except to the extent that a Holder of an Allowed Class C3 Claim agrees to a less favorable treatment, in full and final satisfaction, compromise, settlement, release, and discharge of and in exchange for each Class C3 Claim, each such Holder shall receive a Pro Rata distribution of the Homer City Wind Down Proceeds for the applicable

Homer City Debtor, subject to the Homer City Waterfall, on the later of the Effective Date and the date such Class C3 Claim becomes an Allowed Class C3 Claim.

(c) *Voting*: Class C3 is Impaired. Holders of Claims in Class C3 as of the Voting Record Date are entitled to vote to accept or reject the Plan.

4. Class C4—Intercompany Claims against Homer City Debtors

(a) *Classification*: Class C4 consists of all Intercompany Claims of EME or any of the Homer City Debtors against any of the Homer City Debtors.

(b) *Treatment*: Except to the extent that a Holder of an Allowed Class C4 Claim agrees to a less favorable treatment, in full and final satisfaction, compromise, settlement, release, and discharge of and in exchange for each Class C4 Claim, each such Holder shall receive a Pro Rata distribution of the Homer City Wind Down Proceeds for the applicable Homer City Debtor, subject to the Homer City Waterfall, on the later of the Effective Date and the date such Class C4 Claim becomes an Allowed Class C4 Claim.

(c) *Voting*: Class C4 is Impaired. Holders of Claims in Class C4 as of the Voting Record Date are entitled to vote to accept or reject the Plan.

5. Class C5—Subordinated Claims against Homer City Debtors

(a) *Classification*: Class C5 consists of all Subordinated Claims against Homer City Debtors.

(b) *Treatment*: Class C5 Claims will be discharged, canceled, released, and extinguished as of the Effective Date, and will be of no further force or effect, and Holders of Class C5 Claims will not receive any distribution on account of such Claims.

(c) *Voting*: Class C5 is Impaired. Holders of Claims in Class C5 are deemed to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code and, therefore, are not entitled to vote to accept or reject the Plan.

6. Class C6—Intercompany Interests in the Homer City Debtors

(a) *Classification*: Class C6 consists of all Intercompany Interests in the Homer City Debtors.

(b) *Treatment*: Class C6 Interests will be discharged, canceled, released, and extinguished as of the Effective Date, and will be of no further force or effect, and EME will receive a distribution (if at all) on account of such Interests subject to the Homer City Waterfall.

(c) *Voting*: Class C6 is Impaired. Holders of Interests in Class C6 as of the Voting Record Date are entitled to vote to accept or reject the Plan.

E. Special Provision Governing Unimpaired Claims

Except as otherwise provided in the Plan, nothing under the Plan shall affect the rights of the Debtors in respect of any Unimpaired Claims, including all rights in respect of legal and equitable defenses to or setoffs or recoupments against any such Unimpaired Claims. Unless otherwise Allowed, Unimpaired Claims shall remain Disputed Claims under the Plan.

F. Elimination of Vacant Classes

Any Class of Claims or Interests that does not have a Holder of an Allowed Claim or Allowed Interest or a Claim or Interest temporarily Allowed by the Bankruptcy Court as of the date of the Confirmation Hearing shall be deemed eliminated from the Plan for purposes of voting to accept or reject the Plan and for purposes of determining acceptance or rejection of the Plan by such Class pursuant to section 1129(a)(8) of the Bankruptcy Code.

G. Voting Classes; Presumed Acceptance by Non-Voting Classes

If a Class contains Claims eligible to vote and no Holders of Claims eligible to vote in such Class vote to accept or reject the Plan, the Plan shall be presumed accepted by the Holders of such Claims in such Class.

H. Confirmation Pursuant to Sections 1129(a)(10) and 1129(b) of the Bankruptcy Code

The Debtors reserve the right, in consultation with the Purchaser, the Committee, the Supporting Noteholders, and the PoJo Parties, to seek Confirmation for the applicable Debtors pursuant to section 1129(b) of the Bankruptcy Code with respect to any rejecting Class of Claims or Interests.

I. Subordinated Claims

The allowance, classification, and treatment of all Allowed Claims and Allowed Interests and the respective distributions and treatments under the Plan take into account and conform to the relative priority and rights of the Claims and Interests in each Class in connection with any contractual, legal, and equitable subordination rights relating thereto, whether arising under general principles of equitable subordination, section 510(b) of the Bankruptcy Code, or otherwise. Pursuant to section 510 of the Bankruptcy Code, the Debtors reserve the right to re-classify any Allowed Claim or Allowed Interest in accordance with any contractual, legal, or equitable subordination relating thereto.

J. Controversy Concerning Impairment

If a controversy arises as to whether any Claims or Interests, or any Class of Claims or Interests, are Impaired, the Bankruptcy Court shall, after notice and a hearing, determine such controversy on or before the Confirmation Date.

ARTICLE IV.
MEANS FOR IMPLEMENTATION OF THE PLAN

A. Restructuring Transactions

On or before the Effective Date or as soon as reasonably practicable thereafter, Reorganized EME, the Post-Effective-Date Debtor Subsidiaries, the Post-Effective-Date Homer City Debtors, the Non-Debtor Subsidiaries, and the Purchaser Parties may take all actions as may be necessary or appropriate to effect any transaction described in, approved by, contemplated by, or necessary to effectuate the Restructuring Transactions under and in connection with the Plan and the Purchase Agreement, including, without limitation: (1) the execution and delivery of all appropriate agreements or other documents of merger, consolidation, restructuring, conversion, disposition, transfer, dissolution, or liquidation containing terms that are consistent with the terms of the Plan, and that satisfy the requirements of applicable law and any other terms to which the applicable Entities may agree; (2) the execution and delivery of appropriate instruments of transfer, assignment, assumption, or delegation of any asset, property, right, liability, debt, or obligation on terms consistent with the terms of the Plan and having other terms for which the applicable parties agree; (3) rejection or assumption, as applicable, of Executory Contracts and Unexpired Leases; (4) the filing of appropriate certificates or articles of incorporation, reincorporation, merger, consolidation, conversion, or dissolution pursuant to applicable state law; (5) the consummation of the transactions contemplated by the Purchase Agreement; (6) the issuance of the New Interests and the execution of all documents related thereto; (7) the consummation of the Post-Effective-Date EME Matters; (8) MWG's assumption of the PoJo Leases and Documents, subject to the PoJo Lease Modifications; and (9) the payment by EME of the Agreed PoJo Cure

Amount and PoJo Restructuring Fees. The Debtors shall consult with the Committee and the Supporting Noteholders regarding any material Restructuring Transaction other than those specifically described or provided for in the Plan.

B. Sale Transaction

On the Effective Date, the Debtors, the Non-Debtor Subsidiaries, and the Purchaser Parties shall be authorized to consummate the Sale Transaction pursuant to the terms of the Purchase Agreement and Confirmation Order. On and after the Effective Date, except as otherwise provided in the Plan, Reorganized EME, the Post-Effective-Date Debtor Subsidiaries, the Non-Debtor Subsidiaries, and the Purchaser Parties, as applicable, may operate their businesses and may use, acquire, or dispose of property and compromise or settle any Claims, Interests, EME Retained Causes of Action, or Purchaser Retained Causes of Action without supervision or approval by the Bankruptcy Court and free of any restrictions of the Bankruptcy Code or Bankruptcy Rules; provided that any Claims against the Debtors as of the Effective Date shall be settled, compromised, withdrawn, or litigated to judgment as set forth in Article VII of the Plan; provided, further, that (1) prior to the Effective Date, the Debtors shall seek Bankruptcy Court approval of any settlement of the EIX Litigation Claims, and (2) on and after the Effective Date, subject to any confidentiality restrictions, Reorganized EME shall provide notice of any settlement of the EIX Litigation Claims to Holders of New Interests to the extent reasonably practicable.

C. Sources of Plan Consideration

All amounts necessary for the Debtors, Reorganized EME, the Purchaser, the Post-Effective-Date Debtor Subsidiaries, the Post-Effective-Date Homer City Debtors, or the Disbursing Agent, as applicable, to make payments or distributions pursuant hereto shall be obtained from the Cash of the Debtors, Sale Proceeds, New Interests, payments made directly by the Purchaser or any Post-Effective-Date Debtor Subsidiary on account of any Assumed Liabilities pursuant to the Purchase Agreement, and payments of Cure Costs (if any) made by the Purchaser pursuant to section 365 of the Bankruptcy Code, and proceeds of the Post-Effective-Date EME Matters.

For avoidance of doubt, all distributions on account of any Allowed Claim under this Plan shall be paid by Reorganized EME from the Sale Proceeds unless and to the extent such Allowed Claim is an Assumed Liability. Unless otherwise agreed, distributions required by this Plan on account of Allowed Claims that are Assumed Liabilities shall be the sole responsibility of (1) the applicable Post-Effective-Date Debtor Subsidiary or (2) the Purchaser to the extent such Allowed Claim is allowed against EME.

1. Payment of Sale Proceeds by the Purchaser

On the Effective Date, the Purchaser shall pay to EME the Sale Proceeds as and to the extent provided for in the Purchase Agreement. Thereafter, the Net Sale Proceeds shall be distributed in accordance with Article III.B.3, Article III.B.4, and other applicable provisions of the Plan.

2. Issuance and Distribution of New Interests

Any New Interests issued and distributed pursuant to the Plan shall be duly authorized, validly issued, and fully paid and non-assessable. Each distribution and issuance referred to in Article VI of the Plan shall be governed by the terms and conditions set forth herein applicable to such distribution or issuance and by the terms and conditions of the instruments evidencing or relating to such distribution or issuance, which terms and conditions shall bind each Entity receiving such distribution or issuance. The offering, issuance, and distribution of the New Interests shall be exempt from the registration and prospectus delivery requirements of the Securities Act and any other applicable state and federal law requiring registration and/or delivery of a prospectus prior to the offering, issuance, distribution, or sale of securities pursuant to section 1145 of the Bankruptcy Code, consistent with Article IV.K of the Plan.

3. Assumed Liabilities

The Purchaser and the Post-Effective-Date Debtor Subsidiaries shall make all payments on account of any Assumed Liabilities pursuant to and in accordance with the Purchase Agreement. Neither the Debtors, prior to the Effective Date, nor Reorganized EME, the Post-Effective-Date Debtor Subsidiaries (except in accordance with the Purchase Agreement), nor the Post-Effective-Date Homer City Debtors, as applicable, after the Effective Date, shall have any obligation to make any payment or other distribution on account of any Claims that are Assumed Liabilities.

4. Payment of Cure Costs

On the Effective Date or as soon as reasonably practicable thereafter, the Purchaser or the Post-Effective-Date-Debtor Subsidiaries shall pay all Cure Costs, if any, pursuant to section 365 of the Bankruptcy Code and in accordance with the Purchase Agreement. Neither the Debtors, prior to the Effective Date, nor Reorganized EME, the Post-Effective-Date Debtor Subsidiaries, nor the Post-Effective-Date Homer City Debtors, as applicable, after the Effective Date, shall have any obligation to make any payment or other distribution on account of any Cure Costs. Notwithstanding the foregoing, on the Effective Date, EME shall pay the Agreed PoJo Cure Amount and the PoJo Restructuring Fees in full in Cash.

D. Post-Effective-Date EME Matters

On and after the Effective Date, Reorganized EME shall perform all actions related to the Post-Effective-Date EME Matters, including liquidating, settling, compromising, or resolving all EIX Litigation Claims, any and all contracts with the EIX Litigation Parties (including any tax sharing agreements between EME and its affiliates other than the Debtor Subsidiaries and the Non-Debtor Subsidiaries), and any other obligations of, or associated with, the EIX Litigation Parties, including any receivables from EIX, shared services, tax sharing payments, and insurance policies and offsets related thereto, in accordance with the Wind Down Budget; provided that (1) prior to the Effective Date, the Debtors shall seek Bankruptcy Court approval of any settlement of the EIX Litigation Claims, and (2) on and after the Effective Date, subject to any confidentiality restrictions, Reorganized EME shall provide notice of any settlement of the EIX Litigation Claims to Holders of New Interests to the extent reasonably practicable.

E. Plan Administrator

On and after the Effective Date, unless specifically set forth to the contrary in the Plan, the Plan Administrator shall have the authority and right, without the need for Bankruptcy Court approval, to carry out and implement all provisions of the Plan, including liquidating, settling, compromising, or resolving all Claims, any and all contracts, and any other obligations of, or associated with, the Debtors. For the avoidance of doubt, (1) prior to the Effective Date, the Debtors shall seek Bankruptcy Court approval of any settlement of the EIX Litigation Claims, and (2) on and after the Effective Date, subject to any confidentiality restrictions, Reorganized EME shall provide notice of any settlement of the EIX Litigation Claims to Holders of New Interests to the extent reasonably practicable

F. Disputed Claims Reserve

On the Effective Date (or as soon thereafter as is reasonably practicable), Reorganized EME shall deposit in the Disputed Claims Reserve the Disputed Claims Reserve Amount. For the avoidance of doubt, there shall be no reserve required for Claims against the Debtors to the extent such Claims are Assumed Liabilities or are released, discharged, or otherwise extinguished pursuant to the Plan, nor shall there be any reserves, holdbacks, escrows, or indemnities arising from the Purchase Agreement or otherwise relating to the Sale Transaction.

G. Compensation and Benefits Programs

On the Effective Date or as soon as reasonably practicable thereafter, Reorganized EME shall fund the Compensation and Benefits Programs Escrow in an amount of any compensation and benefit obligations under any

present compensation, benefit, or incentive programs, including the Exit Plan and any programs approved pursuant to the Final Wages Order, the Final Non-Insider Incentive Plan Order, and Final Insider Incentive Plan Order in accordance with the Purchase Agreement, other than any compensation, benefit, and incentive obligations assumed by the Purchaser or any Acquired Company pursuant to the Purchase Agreement. Immediately upon occurrence of the Effective Date: (1) Employee participants in the programs approved pursuant to the Final Non-Insider Incentive Plan Order and Final Insider Incentive Plan Order shall be entitled to an award under such programs based on performance during the period between January 1, 2014 and the Effective Date, to be paid from the Compensation and Benefits Programs Escrow as soon as practicable following the occurrence of the Effective Date; and (2) all Employees of EME will be deemed terminated by EME for all purposes under the Long-Term Incentive Plan and EME Severance Plan. On and after the Effective Date, Reorganized EME shall have the authority, in its sole discretion, to direct disbursements from the Compensation and Benefits Programs Escrow, the awards and allocations of such disbursements to be determined by EME's existing independent directors (the members of the Compensation Committee), subject to and in accordance with any present compensation, benefit, or incentive programs, including the Exit Plan, the other applicable Compensation and Benefits Plans, and any programs approved pursuant to the Final Wages Order, the Final Non-Insider Incentive Plan Order, and Final Insider Incentive Plan Order in accordance with the Purchase Agreement, other than any compensation, benefit, and incentive obligations assumed by the Purchaser or any Acquired Company pursuant to the Purchase Agreement, as applicable, and shall, in its sole discretion, maintain, modify, or terminate any benefits or other obligations to any Employees or former Employees or any survivors or dependents thereof with respect to retiree medical benefits and/or other post employment health and welfare (and non-qualified retirement) benefits. Reorganized EME shall have a reversionary interest in the excess, if any, of the amount of the Compensation and Benefits Programs Escrow over the amounts paid on behalf of the Compensation and Benefits Programs Escrow to be paid from the Compensation and Benefits Programs Escrow, and Reorganized EME shall have the right to release from escrow any amounts held in respect of terminated benefits under any

Compensation and Benefits Programs.

H. New Corporate Governance Documents

On the Effective Date, Reorganized EME shall enter into the New Corporate Governance Documents. The New Corporate Governance Documents shall be deemed to be valid, binding, and enforceable in accordance with their terms, and each Holder of New Interests shall be deemed to be bound thereby, in each case without the need for execution by any party thereto other than Reorganized EME.

I. Preservation of Capistrano Note and Capistrano Pledge Agreement; Preservation of Viento II Pledge

Notwithstanding anything to the contrary in the Plan, on the Effective Date, any and all claims of any of the Debtors or the Non-Debtor Subsidiaries under the Capistrano Note and the Capistrano Pledge Agreement shall be preserved and Reinstated.

Notwithstanding anything to the contrary in the Plan, on the Effective Date, the Viento II Pledge Agreement shall be preserved and Reinstated.

J. General Settlement of Claims

Pursuant to section 1123 of the Bankruptcy Code and Bankruptcy Rule 9019, and in consideration for the classification, distributions, releases, and other benefits provided under the Plan, on the Effective Date, the provisions of the Plan shall constitute a good-faith compromise and settlement of all Claims, Interests, Causes of Action, and controversies resolved pursuant to the Plan.

K. Section 1145 Exemption

The offering, issuance, and distribution of the New Interests shall be exempt from the registration and prospectus delivery requirements of the Securities Act and any other applicable state and federal law requiring registration and/or delivery of a prospectus prior to the offering, issuance, distribution, or sale of securities pursuant to section 1145 of the Bankruptcy Code, consistent with this Article IV.K of the Plan.

L. Release of Liens

Except as otherwise provided herein or in any contract, instrument, release, or other agreement or document created pursuant to the Plan, on the Effective Date and concurrently with the applicable distributions made pursuant to the Plan and, in the case of a Secured Claim, satisfaction, compromise, settlement, release, and discharge in full of the portion of the Secured Claim that is Allowed as of the Effective Date, all mortgages, deeds of trust, Liens, pledges, or other security interests against any property of the Estates shall be fully released, settled, discharged, and compromised and all rights, titles, and interests of any Holder of such mortgages, deeds of trust, Liens, pledge, or other security interests against any property of the Estates shall revert to Reorganized EME, the Purchaser, the Post-Effective-Date Debtor Subsidiaries, and the Post-Effective-Date Homer City Debtors, as applicable, and their respective successors and assigns. Reorganized EME, the Purchaser, the Post-Effective-Date Debtor Subsidiaries, and the Post-Effective-Date Homer City Debtors, as applicable, shall be authorized to file any necessary or desirable documents to evidence such release in the name of such Secured Party . Notwithstanding the foregoing, this Article IV.L of the Plan shall have no effect on the validity of the PoJo Leases and Documents (as modified by the PoJo Lease Modifications).

M. Cancellation of Securities and Agreements

On the Effective Date, except as otherwise specifically provided for in the Plan: (1) the obligations of EME and Reorganized EME, as applicable, under the EME Senior Notes Indentures and of the Debtors under any other certificate, share, note, bond, indenture, purchase right, or other instrument or document directly or indirectly evidencing or creating any indebtedness or obligation of or ownership interest, equity, or profits interest in the Debtors or any warrants, options, or other securities exercisable or exchangeable for, or convertible into, debt, equity, ownership, or profits interests in the Debtors giving rise to any Claim or Interest, shall be canceled as to the Debtors or otherwise treated as set forth in the Plan, and Reorganized EME, the Post-Effective-Date Debtor Subsidiaries, and the Post-Effective-Date Homer City Debtors, as applicable, shall not have any continuing obligations thereunder; and (2) the obligations of Reorganized EME, the Post-Effective-Date Debtor Subsidiaries, and the Post-Effective-Date Homer City Debtors, as applicable, pursuant, relating, or pertaining to any agreements, indentures, certificates of designation, bylaws, or certificate or articles of incorporation or similar documents governing the shares, certificates, notes, bonds, indentures, purchase rights, options, warrants, or other instruments or documents evidencing or creating any indebtedness or obligation of Reorganized EME, the Post-Effective-Date Debtor Subsidiaries, and the Post-Effective-Date Homer City Debtors, as applicable, shall be fully released, settled, and compromised except as expressly provided herein; provided that, notwithstanding Confirmation or the occurrence of the Effective Date, any such agreement that governs the rights of the Holder of a Claim or Interest shall continue in effect solely for purposes of allowing such Holders to receive distributions under the Plan as provided herein; provided, further, that this Article IV.M of the Plan shall have no effect on the validity of: (a) the PoJo Leases and Documents (as modified by the PoJo Lease Modifications); or (b) the Capistrano Note, the Capistrano Pledge Agreement, and the Viento II Pledge Agreement.

Notwithstanding the foregoing and anything else contained in the Plan, the EME Senior Notes Indentures will continue in effect solely for the purposes of (a) allowing distributions, if any, to be made under the Plan pursuant to the EME Senior Notes Indentures and for the EME Senior Notes Indenture Trustee to perform such other necessary functions with respect thereto, if any, and to have the benefit of all the protections and other provisions of the applicable indentures in doing so; and (b) permitting the EME Senior Notes Indenture Trustee to (i) maintain and assert the EME Senior Notes Indenture Trustee Charging Lien, (ii) seek compensation and reimbursement for any reasonable and documented fees and expenses, if any, incurred in making distributions pursuant to the Plan, and (iii) maintain and enforce any rights of the EME Senior Notes Indenture Trustee to indemnification or contribution from EME and/or Holders of EME Senior Notes pursuant and subject to the terms of the EME Senior Notes Indenture, as in effect on the Effective Date, which rights, if any, shall continue to exist regardless of whether or not a proof of claim asserting such rights was filed by the EME Senior Notes Indenture Trustee in these Chapter 11 Cases. On and after the Effective Date, all duties and responsibilities of the EME Senior Notes Indenture Trustee under the applicable indentures, including any and all obligations to Holders of the EME Senior Notes, shall be discharged except to the extent set forth herein or required in order to effectuate the Plan.

On the Effective Date, except to the extent otherwise provided herein, any indenture relating to any of the foregoing, including the EME Senior Notes Indentures, shall be deemed to be canceled and terminated, as permitted

by section 1123(a)(5)(F) of the Bankruptcy Code without further action under any applicable agreement, law, regulation, order, or statute, and the obligations of the Debtors thereunder shall be fully released, settled, discharged, and compromised.

If the record holder of the EME Senior Notes is DTC or its nominee or another securities depository or custodian thereof, and such EME Senior Notes are represented by a global security held by or on behalf of DTC or such other securities depository or custodian, then each such Holder of the EME Senior Notes shall be deemed to have surrendered such Holder's note, debenture or other evidence of indebtedness upon surrender of such global security by DTC or such other securities depository or custodian thereof.

N. Corporate Action

Upon the Effective Date, all actions contemplated by the Plan shall be deemed authorized, approved, and, to the extent taken prior to the Effective Date, ratified without any requirement for further action by Holders of Claims or Interests, directors, managers, or officers of the Plan Administrator, Reorganized EME, the Post-Effective-Date Debtor Subsidiaries, the Post-Effective-Date Homer City Debtors, or any other Entity or Person, as applicable, including: (1) the execution and delivery of all appropriate agreements or other documents of merger, consolidation, restructuring, conversion, disposition, transfer, dissolution, or liquidation containing terms that are consistent with the terms of the Plan (including, for the avoidance of doubt, the distribution of the Net Sale Proceeds pursuant to the Plan), and that satisfy the requirements of applicable law and any other terms to which the applicable Entities may agree; (2) the execution and delivery of appropriate instruments of transfer, assignment, assumption, or delegation of any asset, property, right, liability, debt, or obligation on terms consistent with the terms of the Plan and having other terms for which the applicable parties agree; (3) rejection or assumption, as applicable, of Executory Contracts and Unexpired Leases; (4) selection of the directors and officers for Reorganized EME; (5) the filing of appropriate certificates or articles of incorporation, reincorporation, merger, consolidation, conversion, or dissolution pursuant to applicable state law; (6) the consummation of the transactions contemplated by the Purchase Agreement; (7) the issuance of the New Interests and the execution of all documents related thereto; (8) the consummation of the Homer City Wind Down; (9) the consummation of the Post-Effective-Date EME Matters; (10) MWG's assumption of the PoJo Leases and Documents, subject to the PoJo Lease Modifications; (11) the payment by EME of the Agreed PoJo Cure Amount and the PoJo Restructuring Fees; (12) all other actions that the applicable Entities determine to be necessary or appropriate, including making filings or recordings that may be required by applicable law; (13) the release and extinguishment of the PoJo EME Guarantees; (14) all authorizations and actions necessary to effect the termination and release of the Intercompany Notes; and (15) all other actions that the applicable Entities determine to be necessary or appropriate, including making filings or recordings that may be required by applicable law. All matters provided for in the Plan involving the company structure of the Debtors, and any company action required by the Debtors in connection therewith, shall be deemed to have occurred on, and shall be in effect as of, the Effective Date, without any requirement of further action by the security holders, directors, managers, authorized persons, or officers of the Debtors. The authorizations and approvals contemplated by this Article IV.N of the Plan shall be effective notwithstanding any requirements under nonbankruptcy law.

O. Effectuating Documents; Further Transactions

On and after the Effective Date, Reorganized EME, the Post-Effective-Date Debtor Subsidiaries, the Post-Effective-Date Homer City Debtors, and the managers, officers, authorized persons and members of the boards of managers and directors thereof, are authorized to and may issue, execute, deliver, file, or record such contracts, securities, instruments, releases, and other agreements or documents and take such actions as may be necessary or appropriate to effectuate, implement, and further evidence the terms and conditions of the Plan, including the New Interests and the New Corporate Governance Documents, in the name of and on behalf of Reorganized EME, the Post-Effective-Date Debtor Subsidiaries, and the Post-Effective-Date Homer City Debtors, as applicable, without the need for any approvals, authorization, or consents except for those expressly required pursuant to the Plan.

P. Exemption from Certain Taxes and Fees

Pursuant to section 1146(a) of the Bankruptcy Code, any transfers of property pursuant hereto or pursuant to the issuance of the New Interests shall not be subject to any document recording tax, stamp tax, conveyance fee, intangibles or similar tax, mortgage tax, real estate transfer tax, mortgage recording tax, Uniform Commercial Code

filing or recording fee, FERC filing or recording fee, or other similar tax or governmental assessment, and the appropriate state or local governmental officials or agents shall forego the collection of any such tax or governmental assessment and to accept for filing and recordation any of the foregoing instruments or other documents without the payment of any such tax or governmental assessment. Such exemption specifically applies to (1) the creation of any mortgage, deed of trust, Lien, or other security interest; (2) the making or assignment of any lease or sublease; (3) any Restructuring Transaction; (4) the issuance, distribution, and/or sale of any of the New Interests and any other securities of the Debtors or Reorganized EME; or (5) the making or delivery of any deed or other instrument of transfer under, in furtherance of or in connection with the Plan, including: (a) any merger agreements; (b) agreements of consolidation, restructuring, disposition, liquidation, or dissolution; (c) deeds; (d) bills of sale; or (e) assignments executed in connection with any Restructuring Transaction occurring under the Plan.

Q. Corporate Existence

Except as otherwise provided in the Plan, each Debtor shall continue to exist after the Effective Date as a separate corporate Entity, limited liability company, partnership, or other form, as the case may be, with all the powers of a corporation, limited liability company, or other form, as the case may be, pursuant to the applicable law in the jurisdiction in which each applicable Debtor is incorporated or formed and pursuant to the respective certificate of incorporation and bylaws (or other formation documents) in effect prior to the Effective Date, except to the extent such certificate of incorporation and bylaws (or other formation documents) are amended by the Plan or otherwise, and to the extent such documents are amended, such documents are deemed to be pursuant to the Plan and require no further action or approval.

R. Substantive Consolidation

The Plan shall serve as a motion by the Debtors seeking entry of an order substantively consolidating each of the Estates of the Debtor Subsidiaries into a single consolidated Estate and each of the Estates of the Homer City Debtors into a single consolidated Estate, in each case solely for the limited purposes of voting and Confirmation. For the avoidance of doubt, the Plan shall not serve as a motion by the Debtors seeking entry of an order substantively consolidating the Debtor Subsidiaries or the Homer City Debtors for any other purposes. Notwithstanding anything in this Article IV.R of the Plan, all distributions under the Plan shall be made in accordance with Article IV.C and Article VI of the Plan.

If the Debtor Subsidiaries' Estates and the Homer City Debtors' Estates are substantively consolidated in accordance with this Section, then, on and after the Effective Date, all assets and liabilities (including Allowed Claims) of the Debtor Subsidiaries and the Homer City Debtors, as applicable, shall be treated as though they were merged into one Estate solely for purposes of voting and Confirmation. The limited substantive consolidation described herein shall not affect the legal and organizational structure of the Debtor Subsidiaries, the Homer City Debtors, the Post-Effective-Date Debtor Subsidiaries, or the Post-Effective-Date Homer City Debtors or their separate corporate existences or any prepetition or postpetition guarantees, Liens, or security interests that are required to be maintained under the Bankruptcy Code, under the Plan, or, with respect to Executory Contracts or Unexpired Leases that were assumed or entered into during the Chapter 11 Cases. **Moreover, any alleged defaults under any applicable agreement with the Debtors, the Post-Effective-Date Debtor Subsidiaries, the Post-Effective-Date Homer City Debtors, Reorganized EME, or their respective Affiliates other than EIX arising from substantive consolidation under the Plan shall be deemed cured as of the Effective Date.**

If the Debtor Subsidiaries' Estates and the Homer City Debtors' Estates are not substantively consolidated in accordance with this Section, then (1) the Plan shall be deemed to constitute a separate sub-plan for each of the Debtor Subsidiaries and the Homer City Debtors, as applicable, and each Class of Claims against or Interests in the Debtor Subsidiaries or the Homer City Debtors shall be deemed to constitute separate sub-Classes of Claims against and Interests in each of the Debtor Subsidiaries or the Homer City Debtors, as applicable, (2) the confirmation requirements of section 1129 of the Bankruptcy Code must be satisfied separately with respect to each sub-plan, (3) any Claim against any of the Debtor Subsidiaries or the Homer City Debtors shall be treated as a Claim only against the applicable Debtor Subsidiary or Homer City Debtor, as applicable, for purposes of voting and Confirmation, (4) such Claims shall be administered as provided in the Plan, and (5) the Debtors shall not, nor shall they be required to, resolicit votes with respect to the Plan, nor will the failure of the Bankruptcy Court to approve

limited substantive consolidation of the Debtor Subsidiaries or the Homer City Debtors alter the distributions set forth in the Plan.

Notwithstanding the substantive consolidation provided for herein, nothing shall affect the obligation of each and every Debtor to pay the U.S. Trustee Fees until such time as a particular Chapter 11 Case is closed, dismissed, or converted.

S. Vesting of Assets

Except as otherwise provided in the Plan or any agreement, instrument, or other document incorporated herein, on the Effective Date, (1) all applicable Causes of Action (including, for the avoidance of doubt, any and all claims of any of the Debtors or the Non-Debtor Subsidiaries against any of the EIX Litigation Parties, including the EIX Litigation Claims) and all property in the EME Estate shall be preserved and shall vest in Reorganized EME, as applicable, free and clear of all Liens, Claims, charges, or other encumbrances, (2) all property in each of the Homer City Debtors' Estates shall vest in the applicable Post-Effective-Date Homer City Debtors, free and clear of all Liens, Claims, charges, or other encumbrances, (3) all property in each of the Debtor Subsidiary Estates shall be preserved and shall vest in the applicable Post-Effective-Date Debtor Subsidiaries, free and clear of all Liens, Claims, charges, or other encumbrances, and (4) all property of the EME Estate to be acquired by the Purchaser in the Purchase Agreement shall be preserved and shall vest in the Purchaser, free and clear of all Liens, Claims, charges, and other encumbrances. On and after the Effective Date, except as otherwise provided in the Plan, Reorganized EME, the Post-Effective-Date Homer City Debtors, and the Post-Effective-Date Debtor Subsidiaries may operate their businesses and use, acquire, or dispose of property and compromise or settle any Claims, Interests, or Causes of Action without supervision or approval by the Bankruptcy Court and free of any restrictions of the Bankruptcy Code or Bankruptcy Rules. Notwithstanding the foregoing, this Article IV.S of the Plan shall have no effect on the validity of the PoJo Leases and Documents (as modified by the PoJo Lease Modifications).

T. Indemnification of Certain Directors, Managers, Officers, and Employees

The Purchaser Parties shall comply with their obligations under Section 9.7 of the Purchase Agreement as set forth therein in favor of each person who is or was an officer or director of the Acquired Companies.

U. Assumption of Certain D&O Liability Insurance Policies

To the extent that the D&O Liability Insurance Policies are considered to be Executory Contracts, notwithstanding anything in the Plan to the contrary, effective as of the Effective Date, Reorganized EME shall be deemed to have assumed all unexpired D&O Liability Insurance Policies with respect to its directors, managers, officers, and employees serving as of the Petition Date pursuant to section 365(a) of the Bankruptcy Code. Entry of the Confirmation Order will constitute the Bankruptcy Court's approval of Reorganized EME's assumption of each of the unexpired D&O Liability Insurance Policies. Notwithstanding anything to the contrary contained in the Plan, Confirmation of the Plan shall not discharge, impair, or otherwise modify any indemnity obligations assumed by the foregoing assumption of the D&O Liability Insurance Policies, and each such indemnity obligation will be deemed and treated as an Executory Contract that has been assumed by Reorganized EME under the Plan as to which no Proof of Claim need be filed.

V. New Board

The New Board of Reorganized EME shall consist of five (5) members, the initial members of which shall include three (3) members appointed by the Supporting Noteholders and the Committee, and EME's two (2) independent directors. As of the Effective Date, (1) all directors and other members of the existing board or governance body of EME shall cease to hold office or have any authority from and after such time to the extent not expressly included in the roster of the applicable New Board, and (2) all directors and other members of the existing boards or governance bodies of each Debtor Subsidiary and Non-Debtor Subsidiary shall cease to hold office or have any authority from and after such time except as agreed to in writing by the Purchaser.

W. Payment of Certain Fees and Expenses

On the Effective Date, the Debtors shall pay in Cash in full the PoJo Restructuring Fees, Supporting Noteholder Fees, and any accrued and unpaid fees and expenses of (1) the EME Senior Notes Indenture Trustee payable under the EME Senior Notes Indenture and (2) the Bank of New York Mellon (as successor pass-through trustee and successor lease indenture trustee).

On the Effective Date, the Debtors shall pay the EME Senior Notes Indenture Trustee Fees without the need for application to, or approval by, any court. At least ten days prior to the Effective Date, the EME Senior Notes Indenture Trustee shall submit its invoices for EME Senior Notes Indenture Trustee Fees through the Effective Date (including any estimated fees and expenses) to the Debtors. Should the Debtors dispute the reasonableness of any invoiced EME Senior Notes Indenture Trustee Fees, the Debtors (or Reorganized EME) shall (1) pay the undisputed portion of any invoices on the Effective Date, (2) place any disputed amounts in escrow on the Effective Date, and (3) notify the EME Senior Notes Indenture Trustee of any dispute within five (5) days after the presentation of an invoice by the EME Senior Notes Indenture Trustee. Upon such notification, the EME Senior Notes Indenture Trustee may assert the EME Senior Notes Indenture Trustee Charging Lien to pay the undisputed and unpaid portion of the EME Senior Notes Indenture Trustee Fees, and/or after the parties have attempted in good faith to resolve any such dispute, within fifteen (15) days after the notification of the dispute, may submit such dispute for resolution to the Bankruptcy Court; provided that the Bankruptcy Court's review shall be limited to a determination under the reasonable standard in accordance with the EME Senior Notes Indentures. Nothing herein shall be deemed to impair, waive, discharge, or negatively affect any EME Senior Notes Indenture Trustee Charging Lien for any fees, costs and expenses not paid pursuant to the Plan and otherwise claimed by the EME Senior Notes Indenture Trustee pursuant to this section.

X. Homer City Wind Down

As of the Effective Date, the existing boards of directors or boards of managers of the Homer City Debtors shall be dissolved without any further action required on the part of the Homer City Debtors or the Homer City Debtors' officers, directors, shareholders, and members and any all remaining officers, directors, managers, or managing members of each Homer City Debtor shall be dismissed without any further action required on the part of any such Homer City Debtor or its respective shareholders, directors, managers, officers, or members.

On and after the Effective Date, the Plan Administrator will implement any other provision of the Plan and any applicable orders of the Bankruptcy Court, and the Plan Administrator shall have the power and authority to take any action necessary to accomplish the Homer City Wind Down. As soon as practicable after the Effective Date, the Plan Administrator shall: (1) cause the Post-Effective-Date Homer City Debtors to comply with, and abide by, the terms of the Plan; (2) complete and file all final or otherwise required federal, state, and local tax returns for each of the Post-Effective-Date Homer City Debtors, and pursuant to section 505(b) of the Bankruptcy Code, request an expedited determination of any unpaid tax liability of such Homer City Debtor or its Estate for any tax incurred during the administration of such Homer City Debtor's Chapter 11 Case, as determined under applicable tax laws; and (3) take such other actions as the Plan Administrator may determine to be necessary or desirable to carry out the Homer City Wind Down without further action under applicable law, regulation, order, or rule, including any action by the stockholders, members, board of directors, or board of managers of each such Homer City Debtor and notwithstanding anything to the contrary under applicable nonbankruptcy law, including any requirement to file a certificate of dissolution with respect to the Homer City Debtors.

Y. Release of Avoidance Actions

In accordance with section 1123(b) of the Bankruptcy Code, the Debtors shall release all rights to commence and pursue, as appropriate, any and all Avoidance Actions not identified as an EME Retained Cause of Action in the Plan Supplement; for avoidance of doubt, no EIX Litigation Claim shall be released pursuant to this provision. Notwithstanding anything in this Plan, any Confirmation Order, or the Purchase Agreement to the contrary, all Allowed Claims against any Debtor arising under Section 502(h) of the Bankruptcy Code shall be deemed Excluded Liabilities.

Z. Retention of Retained Causes of Actions

On the Effective Date, the Purchaser and the Post-Effective-Date Debtor Subsidiaries will be vested with title to the Purchaser Retained Causes of Action, regardless of whether scheduled by the Debtors, including, without limitation, all such Causes of Action of any kind whatsoever at law or equity, free and clear of all liens, claims, encumbrances, charges, and other interests of creditors and equity security holders, in accordance with section 1141 of the Bankruptcy Code.

ARTICLE V.
TREATMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES

A. Assumption of Executory Contracts and Unexpired Leases

Except as otherwise provided herein, as of the Effective Date, all Executory Contracts and Unexpired Leases listed on the Schedule of Assumed Executory Contracts and Unexpired Leases will be deemed: (i) assumed by the applicable Debtor in accordance with, and subject to the provisions and requirements of sections 365 and 1123 of the Bankruptcy Code; and (ii) if so indicated on the Schedule of Assumed Executory Contracts and Unexpired Leases, assigned to the other party identified as the assignee for each assumed Executory Contract and Unexpired Lease. For the avoidance of doubt, the PoJo Leases and Documents shall be modified and assumed in accordance with Article V.G.

B. Rejection of Executory Contracts and Unexpired Leases

Except as otherwise provided herein, or in any contract, instrument, release, indenture, or other agreement, or in any document entered into in connection with the Plan, as of the Effective Date, each Debtor shall be deemed to have rejected each Executory Contract and Unexpired Lease to which it is a party, unless such Executory Contract or Unexpired Lease: (1) was previously assumed or rejected; (2) was previously expired or terminated pursuant to its own terms; (3) is the subject of a motion or notice to assume filed on or before the Confirmation Date; or (4) is designated specifically or by category as an Executory Contract or Unexpired Lease on the Schedule of Assumed Executory Contracts and Unexpired Leases. For the avoidance of doubt, any Executory Contract or Unexpired Lease which does not appear on the Schedule of Rejected Executory Contracts and Unexpired Leases and which is not subject to one of the four conditions for assumption of Executory Contracts and Unexpired Leases listed in this paragraph shall be deemed rejected.

C. Effect of Confirmation Order

The Confirmation Order shall constitute an order of the Bankruptcy Court under sections 365 and 1123(b) of the Bankruptcy Code approving the assumptions and assignments or rejections described above as of the Effective Date. Unless otherwise indicated, all assumptions and assignments or rejections of Executory Contracts and Unexpired Leases in the Plan will be effective as of the Effective Date. Each Executory Contract and Unexpired Lease assumed and assigned pursuant to the Plan or by Bankruptcy Court order, shall vest in and be fully enforceable by the applicable assignee in accordance with its terms, except as such terms may have been modified by order of the Bankruptcy Court. To the maximum extent permitted by law, to the extent any provision in any Executory Contract or Unexpired Lease assumed pursuant to the Plan restricts or prevents, or purports to restrict or prevent, or is breached or deemed breached by, the assumption of such Executory Contract or Unexpired Lease (including any "change of control" provision), then such provision shall be deemed modified such that the transactions contemplated by the Plan shall not entitle the non-Debtor party thereto to terminate such Executory Contract or Unexpired Lease or to exercise any other default-related rights with respect thereto.

Notwithstanding the foregoing paragraph or anything contrary herein, subject to the terms and conditions of the Purchase Agreement, the Debtors reserve the right to alter, amend, modify, or supplement the Schedule of Assumed Executory Contracts and Unexpired Leases and the Schedule of Rejected Executory Contracts and Unexpired Leases until 15 days after the Effective Date.

D. Cure of Defaults for Assumed Executory Contracts and Unexpired Leases

Any defaults under each Executory Contract and Unexpired Lease to be assumed by any Debtor Subsidiary or assumed and assigned by EME to the Purchaser pursuant to the Plan shall be satisfied, pursuant to section 365(b)(1) of the Bankruptcy Code, solely by payment of the Cure Cost by the Purchaser or the Post-Effective-Date Debtor Subsidiary except as otherwise agreed by the non-Debtor party to any such Executory Contract or Unexpired Lease on the Effective Date or as soon as reasonably practicable thereafter or on such other terms as the Debtors, the Purchaser, and the counterparties to each such Executory Contract or Unexpired Lease may otherwise agree.

In the event of a dispute regarding: (1) the amount of any Cure Cost, (2) the ability of the Debtors, Reorganized EME, the Post-Effective-Date Debtor Subsidiaries, the Purchaser, or any assignee, as applicable, to provide "adequate assurance of future performance" within the meaning of section 365(b) of the Bankruptcy Code, if applicable, under the Executory Contract or the Unexpired Lease to be assumed or assumed and assigned, and/or (3) any other matter pertaining to assumption and/or assignment, then such Cure Costs shall be paid following the entry of a Final Order resolving the dispute and approving the assumption and assignment of such Executory Contracts or Unexpired Leases or as may be agreed upon by the Debtors, Reorganized EME, the Post-Effective-Date Debtor Subsidiaries, or the Purchaser, as applicable; provided that, prior to the Effective Date or such other date as determined by the Bankruptcy Court (such date to be in no event earlier than the date of the entry of the Confirmation Order), the Debtors, with the written consent of the Purchaser, may settle any dispute regarding the amount of any Cure Cost without any further notice to any party or any action, order, or approval of the Bankruptcy Court; provided, further, that notwithstanding anything to the contrary herein, prior to or upon the entry of a Final Order resolving any dispute and approving the assumption and assignment of such Executory Contract or Unexpired Lease, the Debtors, in consultation with the Committee and Supporting Noteholders, reserve the right to reject any Executory Contract or Unexpired Lease which is subject to dispute, subject to the terms and conditions of the Purchase Agreement.

Assumption and assignment of any Executory Contract or Unexpired Lease pursuant to the Plan, or otherwise, shall result in the full satisfaction, compromise, settlement, release, and discharge of any Claims or defaults, whether monetary or nonmonetary, including defaults of provisions restricting the change in control or ownership interest composition or other bankruptcy-related defaults, arising under any assumed Executory Contract or Unexpired Lease at any time prior to the effective date of assumption and/or assignment.

E. Claims Based on Rejection of Executory Contracts and Unexpired Leases

Unless otherwise provided by an order of the Bankruptcy Court, any Proofs of Claim based upon the rejection of the Debtors' Executory Contracts or Unexpired Leases pursuant to the Plan or otherwise, must be Filed with the Notice, Claims, and Solicitation Agent no later than the later of (a) 30 days after the effective date of rejection of such Executory Contract or Unexpired Lease and (b) the Claims Bar Date established in the Chapter 11 Cases.

All Claims arising from the rejection by any Debtor of any Executory Contract or Unexpired Lease pursuant to section 365 of the Bankruptcy Code shall be treated as General Unsecured Claims and may be objected to in accordance with the provisions of Article VI of the Plan and the applicable provisions of the Bankruptcy Code and Bankruptcy Rules.

Any Holder of a Claim arising from the rejection of an Executory Contract or Unexpired Lease for which a Proof of Claim was not timely Filed as set forth in the paragraph above shall not (a) be treated as a Holder of a Claim hereunder, (b) be permitted to vote to accept or reject the Plan, or (c) participate in any distribution in the Chapter 11 Cases on account of such Claim, and such Claim shall be deemed fully satisfied, released, settled, and compromised, and be subject to the permanent injunction set forth in Article VIII.F of the Plan, notwithstanding anything in the Schedules or a Proof of Claim to the contrary.

For the avoidance of doubt, the Purchaser, or an applicable Post-Effective-Date Debtor Subsidiary, in accordance with the Purchase Agreement, shall be responsible for any Allowed Claim for rejection damages under any Executory Contract or Unexpired Lease rejected by the Debtors after the date of the Plan Sponsor Agreement

except for any Allowed Claim for rejection damages on account of any Executory Contract or Unexpired Lease rejected after the date of the Plan Sponsor Agreement without the consent of the Purchaser, which Allowed Claim shall be a General Unsecured Claim against the applicable Debtor.

F. Preexisting Obligations to the Debtors Under Executory Contracts and Unexpired Leases

The Debtors and the Purchaser, as applicable, reserve their right to assert that rejection of any Executory Contract or Unexpired Lease pursuant to the Plan or otherwise shall not constitute a termination of preexisting obligations owed to the Debtors under such contracts or leases. Notwithstanding any nonbankruptcy law to the contrary, Reorganized EME, the Post-Effective-Date Debtor Subsidiaries, the Post-Effective-Date Homer City Debtors, and the Purchaser, as applicable, expressly reserve and do not waive any right to receive, or any continuing obligation of a counterparty to provide, warranties or continued maintenance obligations on goods previously purchased, or services previously received, by the contracting Debtors from counterparties to rejected Executory Contracts or Unexpired Leases.

G. PoJo Modifications and Assumption of PoJo Leases and Documents

Notwithstanding anything to the contrary in the Plan, on the Effective Date: (1) the PoJo Lease Modifications shall be implemented; (2) MWG shall, subject to the PoJo Lease Modifications, assume the PoJo Leases and Documents; (3) EME shall pay the Agreed PoJo Cure Amount and PoJo Restructuring Fees in full in Cash; (4) following the payment of the Agreed PoJo Cure Amount and the PoJo Restructuring Fees, the "Lessor Notes" (as defined in the PoJo Leases and Documents) shall be deemed fully cured; (5) the PoJo EME Guarantees shall each be terminated, released, extinguished, and of no further force and effect (and shall be replaced as set forth herein); (6) the Intercompany Notes shall each be terminated and extinguished and of no further force and effect; (7) the Parent shall become the "Guarantor" under the PoJo Leases and Documents; and (8) EME shall assign to the Parent, and the Parent shall assume from EME all of the rights and obligations of EME under each of the PoJo Tax Indemnity Agreements. For the avoidance of doubt, nothing in the Plan shall relieve MWG of its operational and maintenance obligations under the PoJo Leases and Documents, as modified.

H. IBEW Local 15 Collective Bargaining Agreement

On the Effective Date, MWG shall assume the IBEW CBA.

I. Modifications, Amendments, Supplements, Restatements, or Other Agreements

Unless otherwise provided in the Plan, each assumed or assumed and assigned Executory Contract or Unexpired Lease shall include all modifications, amendments, supplements, restatements, or other agreements that in any manner affect such Executory Contract or Unexpired Lease, and all Executory Contracts and Unexpired Leases related thereto, if any, including all easements, licenses, permits, rights, privileges, immunities, options, rights of first refusal, and any other interests, unless any of the foregoing agreements has been previously rejected or is rejected under the Plan.

Modifications, amendments, supplements, and restatements to prepetition Executory Contracts and Unexpired Leases that have been executed by the Debtors during the Chapter 11 Cases shall not be deemed to alter the prepetition nature of the Executory Contract or Unexpired Lease, or the validity, priority, or amount of any Claims that may arise in connection therewith.

J. Reservation of Rights

Neither the exclusion nor inclusion of any contract or lease in the Plan Supplement, nor anything contained in the Plan, shall constitute an admission by the Debtors that any such contract or lease is in fact an Executory Contract or Unexpired Lease or that Reorganized EME, the Post-Effective-Date Debtor Subsidiaries, or the Post-Effective-Date Homer City Debtors, as applicable, have any liability thereunder. In the event of a dispute regarding whether a contract or lease is or was executory or unexpired at the time of assumption or rejection, the Debtors or

Reorganized EME, as applicable, shall have 90 days following entry of a Final Order resolving such dispute to alter the treatment of such contract or lease as otherwise provided herein.

K. Nonoccurrence of Effective Date

In the event that the Effective Date does not occur, the Bankruptcy Court shall retain jurisdiction with respect to any consensual request to extend the deadline for assuming or rejecting Unexpired Leases pursuant to section 365(d)(4) of the Bankruptcy Code, notwithstanding anything to the contrary in the Plan or otherwise.

ARTICLE VI.
PROVISIONS GOVERNING DISTRIBUTIONS

A. Timing and Calculation of Amounts to Be Distributed

Except as otherwise provided in the Plan, on the Effective Date (or if a Claim is not an Allowed Claim on the Effective Date, on the date that such a Claim becomes an Allowed Claim, or as soon as reasonably practicable thereafter), each Holder of an Allowed Claim against the Debtors shall receive the full amount of the distributions that the Plan provides for Allowed Claims in the applicable Class from the Disbursing Agent, the Purchaser, or the applicable Post-Effective-Date Debtor Subsidiary, as applicable. In the event that any payment or act under the Plan is required to be made or performed on a date that is not a Business Day, then the making of such payment or the performance of such act may be completed on the next succeeding Business Day, but shall be deemed to have been completed as of the required date. If and to the extent that there are Disputed Claims, distributions on account of any such Disputed Claims shall be made pursuant to the provisions set forth in Article VII of the Plan. Holders of Allowed Claims shall be entitled to all dividends, accruals, and any other distributions on, and proceeds of, the distributions provided for herein, from and after the Effective Date, regardless of whether such distributions (or the proceeds thereof) are delivered on or at any time after the Effective Date. Notwithstanding anything to the contrary herein, no Holder of an Allowed Claim shall, on account of such Allowed Claim, receive a distribution in excess of the Allowed amount of such Claim plus any postpetition interest on such Claim to the extent payable in accordance with the Plan. The New Interests shall be deemed to be issued as of the Effective Date to the Holders of Claims entitled to receive such securities or instruments hereunder without the need for further action by any Disbursing Agent or Reorganized EME, including the issuance and/or delivery of any certificate evidencing any such shares, units, or interests, as applicable.

B. Distributions on Account of Obligations of Multiple Debtors

For all purposes associated with distributions under the Plan, all guarantees by any Debtor of the obligations of any other Debtor, as well as any joint and several liability of any Debtor with respect to any other Debtor, shall be deemed eliminated so that any obligation that could otherwise be asserted against more than one Debtor shall result in a single distribution under the Plan. Any such Claims against EME and any Debtor Subsidiaries shall receive the treatment set forth in Article III.B.4 of the Plan. Any such Claims shall be released and discharged pursuant to Article VIII.H of the Plan and shall be subject to all potential objections, defenses, and counterclaims, and to estimation pursuant to section 502(c) of the Bankruptcy Code; provided that, for the avoidance of doubt, this shall not affect the obligation of each and every Debtor to pay U.S. Trustee Fees until such time as a particular case is closed, dismissed, or converted.

C. Distributions Generally

All distributions under the Plan that are to be made on the Effective Date shall be made by the Disbursing Agent, the Purchaser, or the Post-Effective-Date Debtor Subsidiary, as applicable, unless otherwise specified herein. Neither the Disbursing Agent nor the Purchaser nor any Post-Effective-Date Debtor Subsidiary shall be required to give any bond or surety or other security for the performance of its duties.

D. Rights and Powers of Disbursing Agent

1. Powers of the Disbursing Agent

The Disbursing Agent shall be empowered to, as applicable: (a) take all actions and execute all agreements, instruments, and other documents necessary to perform its duties under the Plan; (b) make all distributions contemplated under the Plan; (c) employ professionals to represent it with respect to its responsibilities; and (d) exercise such other powers as may be vested in the Disbursing Agent by order of the Bankruptcy Court, pursuant to the Plan, or as deemed by the Disbursing Agent to be necessary and proper to implement the provisions hereof.

The Disbursing Agents and the EME Senior Notes Trustee, to the extent it provides services related to distributions pursuant to the Plan, shall only be required to act and make distributions in accordance with the terms of the Plan and shall have no (x) liability for actions taken in accordance with the Plan or in reliance upon information provided to them in accordance with the Plan, or (y) obligation or liability for distributions under the Plan to any party who does not hold an Allowed Claim at the time of distribution or who does not otherwise comply with the terms of the Plan.

2. Expenses Incurred On or After the Effective Date

Except as otherwise ordered by the Bankruptcy Court, the amount of any reasonable fees and expenses incurred by the Disbursing Agent after the Effective Date (including taxes) and any reasonable compensation and expense reimbursement claims (including reasonable attorney fees and expenses) made by the Disbursing Agent shall be paid in Cash by Reorganized EME.

To the extent the EME Senior Notes Indenture Trustee provides services related to distributions pursuant to the Plan, it shall be entitled to reasonable and customary compensation from Reorganized EME for such services and reimbursement for reasonable and customary expenses incurred in connection with such services.

E. Distributions on Account of Claims Allowed After the Effective Date

1. Payments and Distributions on Disputed Claims

Distributions made after the Effective Date to Holders of Disputed Claims that are not Allowed Claims as of the Effective Date, but which later become Allowed Claims, shall be deemed to have been made on the Effective Date.

2. Special Rules for Distributions to Holders of Disputed Claims

Notwithstanding any provision otherwise in the Plan and except as may be agreed to by Reorganized EME, the Post-Effective-Date Debtor Subsidiaries, or the Post-Effective-Date Homer City Debtors, as applicable, on the one hand, and the Holder of a Disputed Claim, on the other hand, no partial payments and no partial distributions shall be made with respect to any Disputed Claim until the Disputed Claim has become an Allowed Claim or has otherwise been resolved by settlement or Final Order.

F. Delivery of Distributions and Undeliverable or Unclaimed Distributions

1. Record Date for Distributions

On the Distribution Record Date, the Claims Register shall be closed and when making distributions on or after the Effective Date, the Disbursing Agent shall be authorized and entitled to recognize only those record Holders listed on the Claims Register as of the close of business on the Distribution Record Date. The Debtors, Reorganized EME, and the EME Senior Notes Indenture Trustee shall have no obligation to recognize any transfer of any such Claims occurring after the close of business on the Distribution Record Date and shall instead be entitled

to recognize and deal for all purposes under the Plan with only those holders of record as of the close of business on the Distribution Record Date.

2. Delivery of Distributions in General

Except as otherwise provided herein, the Disbursing Agent, the Purchaser, or the Post-Effective-Date Debtor Subsidiary, as applicable, shall make distributions to Holders of Allowed Claims at the address for each such Holder as indicated on the Debtors' books and records as of the date of any such distribution; provided that, except as expressly provided in the Purchase Agreement or the Plan, the manner of such distributions shall be determined at the discretion of the Disbursing Agent, the Purchaser, or the Post-Effective-Date Debtor Subsidiary, as applicable; and provided, further, that the address for each Holder of an Allowed Claim shall be deemed to be the address set forth in any Proof of Claim Filed by that Holder. If a Holder holds more than one Claim in any one Class, all Claims of the Holder will be aggregated into one Claim and one distribution will be made with respect to the aggregated Claim.

Distributions to Holders of EME Senior Notes Claims shall (a) be made by the Disbursing Agent to the EME Senior Notes Indenture Trustee for the benefit of Holders of EME Senior Notes Claims and (b) be deemed completed when made by the Disbursing Agent to the EME Senior Notes Indenture Trustee. The EME Senior Notes Indenture Trustee shall not be required to give any bond, surety, or other security for the performance of its duties with respect to such Distributions.

Prior to the distribution of New Interests hereunder, the recipient of such New Interests shall furnish to the transfer agent identified by the Debtors such identification and tax information as may be required by the Debtors.

3. De Minimis Distributions; Minimum Distributions

The Disbursing Agent shall not be required to make partial distributions or payments of fractions of New Interests and any such fractions shall be deemed to be zero.

No distribution of New Interests or common stock of the Parent or Cash payment valued at less than $250.00, in the reasonable discretion of the Disbursing Agent, the Purchaser, or the Post-Effective-Date Debtor Subsidiary, as applicable, shall be made to a Holder of an Allowed Claim that is not an Assumed Liability on account of such Allowed Claim.

4. Undeliverable Distributions and Unclaimed Property

In the event that any distribution to any Holder is returned as undeliverable, no distribution to such Holder shall be made unless and until the Disbursing Agent, the Purchaser, or the applicable Post-Effective-Date Debtor Subsidiary, as applicable, has determined the then current address of such Holder, at which time such distribution shall be made to such Holder without interest; provided that such distributions shall be deemed unclaimed property under section 347(b) of the Bankruptcy Code at the expiration of 12 months from the Effective Date. After such date, notwithstanding any applicable federal or state escheat, abandoned, or unclaimed property laws to the contrary, all unclaimed property or interests in property shall revert to Reorganized EME, the Purchaser, or the applicable Post-Effective-Date Debtor Subsidiary, as applicable, and the Claim of any Holder to such property or interest in property shall be released, settled, compromised, and forever barred.

5. Manner of Payment Pursuant to the Plan

Any payment in Cash to be made pursuant to the Plan shall be made at the election of the Disbursing Agent, the Purchaser, or the applicable Post-Effective-Date Debtor Subsidiary, as applicable, by check or by wire transfer.

G. Compliance with Tax Requirements/Allocations

In connection with the Plan, to the extent applicable, the Disbursing Agent, the Purchaser, or the Post-Effective-Date Debtor Subsidiary, as applicable, shall comply with all tax withholding and reporting requirements imposed on it by any Governmental Unit, and all distributions pursuant hereto shall be subject to such withholding and reporting requirements. Notwithstanding any provision in the Plan to the contrary, the Disbursing Agent, the Purchaser, or the Post-Effective-Date Debtor Subsidiary, as applicable, shall be authorized to take all actions necessary or appropriate to comply with such withholding and reporting requirements, including liquidating a portion of the distribution to be made under the Plan to generate sufficient funds to pay applicable withholding taxes, withholding distributions pending receipt of information necessary to facilitate such distributions, or establishing any other mechanisms they believe are reasonable and appropriate.

Distributions in respect of Allowed Claims shall be allocated first to the principal amount of such Claims (as determined for federal income tax purposes) and then, to the extent the consideration exceeds the principal amount of the Claims, to any portion of such Claims for accrued but unpaid interest.

H. Claims Paid or Payable by Third Parties

1. Claims Paid by Third Parties

The Debtors and, on and after the Effective Date, Reorganized EME, the Post-Effective-Date Homer City Debtors, the Post-Effective-Date Debtor Subsidiaries, and the Purchaser, as applicable, after the Effective Date, shall reduce in full a Claim, and such Claim shall be disallowed without a Claims objection having to be Filed and without any further notice to or action, order, or approval of the Bankruptcy Court, to the extent that the Holder of such Claim receives payment in full on account of such Claim from a Person or Entity that is not a Debtor as of the Effective Date. To the extent a Holder of a Claim receives a distribution on account of such Claim and receives payment from a party that is not a Debtor on account of such Claim, such Holder shall, within two weeks of receipt thereof, repay or return the distribution to Reorganized EME, the Post-Effective-Date Homer City Debtors, the Post-Effective-Date Debtor Subsidiaries, or the Purchaser, as applicable, to the extent the Holder's total recovery on account of such Claim from the third-party and under the Plan exceeds the Allowed amount of such Claim as of the date of any such distribution under the Plan.

2. Claims Payable by Third Parties

No distributions under the Plan shall be made on account of an Allowed Claim that is payable pursuant to one of the Debtors' insurance policies until the Holder of such Allowed Claim has exhausted all remedies with respect to such insurance policy. To the extent that one or more of the Debtors' insurers agrees to satisfy in full a Claim (if and to the extent adjudicated by a court of competent jurisdiction), then immediately upon such insurers' agreement, such Claim may be expunged without a Claims objection having to be Filed and without any further notice to or action, order, or approval of the Bankruptcy Court.

3. Applicability of Insurance Policies

Except as otherwise provided in the Plan, distributions to Holders of Allowed Claims shall be in accordance with the provisions of any applicable insurance policy. Notwithstanding anything to the contrary contained herein (including Article VIII of the Plan), nothing contained in the Plan shall constitute or be deemed a release, settlement, satisfaction, compromise, or waiver of any Cause of Action that the Debtors or any other Entity may hold against any other Entity, including insurers, under any policies of insurance or applicable indemnity, nor shall anything contained herein constitute or be deemed a waiver by such insurers of any defenses, including coverage defenses, held by such insurers.

ARTICLE VII.
PROCEDURES FOR RESOLVING CONTINGENT UNLIQUIDATED, AND DISPUTED CLAIMS

A. Resolution of Disputed Claims

1. Allowance of Claims

On or after the Effective Date, Reorganized EME, the Post-Effective-Date Homer City Debtors, the Post-Effective-Date Debtor Subsidiaries, and the Purchaser (solely with respect to Assumed Liabilities), as applicable, shall have and shall retain any and all rights and defenses that the Debtors had with respect to any Claim, except with respect to any Claim Allowed as of the Effective Date. Except as expressly provided in the Plan or in any order entered in the Chapter 11 Cases prior to the Effective Date (including the Confirmation Order), no Claim shall become an Allowed Claim unless and until such Claim is deemed Allowed under the Plan or the Bankruptcy Code or the Bankruptcy Court has entered a Final Order, including the Confirmation Order, in the Chapter 11 Cases allowing such Claim.

2. Prosecution of Objections to Claims

On and after the Effective Date, Reorganized EME, the Post-Effective-Date Homer City Debtors, the Post-Effective-Date Debtor Subsidiaries, and the Purchaser (solely with respect to Assumed Liabilities), as applicable, shall have the exclusive authority to File objections to Claims, settle, compromise, withdraw, or litigate to judgment objections to any and all Claims, regardless of whether such Claims are in a Class or otherwise. From and after the Effective Date, Reorganized EME, the Post-Effective-Date Homer City Debtors, the Post-Effective-Date Debtor Subsidiaries, and the Purchaser, as applicable, may settle or compromise any Disputed Claim without any further notice to or action, order or approval of the Bankruptcy Court.

3. Claims Estimation

The Debtors, the Committee, Supporting Noteholders, or Purchaser (solely with respect to Assumed Liabilities), prior to the Effective Date, and Reorganized EME, the Post-Effective-Date Debtor Subsidiaries, the Post-Effective-Date Homer City Debtors, and the Purchaser, as applicable, on and after the Effective Date, may, at any time, request that the Bankruptcy Court estimate (a) any Disputed Claim pursuant to applicable law and (b) any contingent or unliquidated Claim pursuant to applicable law, including section 502(c) of the Bankruptcy Code, regardless of whether the Debtors have previously objected to such Claim or whether the Bankruptcy Court has ruled on any such objection, and the Bankruptcy Court shall retain jurisdiction under 28 U.S.C. §§ 157 and 1334 to estimate any Disputed Claim, contingent Claim, or unliquidated Claim, including during the litigation concerning any objection to any Claim or during the pendency of any appeal relating to any such objection. Notwithstanding any provision otherwise in the Plan, a Claim that has been expunged from the Claims Register but that is subject to appeal or has not been the subject of a Final Order, shall be deemed to be estimated at zero dollars, unless otherwise ordered by the Bankruptcy Court. In the event that the Bankruptcy Court estimates any Disputed Claim, contingent Claim, or unliquidated Claim, that estimated amount shall constitute the Allowed amount of such Claim. Notwithstanding section 502(j) of the Bankruptcy Code, in no event shall any Holder of a Claim that has been estimated pursuant to section 502(c) of the Bankruptcy Code or otherwise be entitled to seek reconsideration of such estimation unless such Holder has Filed a motion requesting the right to seek such reconsideration on or before 14 days after the date on which such Claim is estimated. All of the aforementioned Claims and objection, estimation, and resolution procedures are cumulative and not exclusive of one another. Claims may be estimated and subsequently compromised, settled, withdrawn, or resolved by any mechanism approved by the Bankruptcy Court.

B. Disallowance of Claims

All Claims of any Entity from which property is sought by the Debtors under section 542, 543, 550, or 553 of the Bankruptcy Code or that is an alleged transferee of a transfer that is avoidable under section 522(f), 522(h), 544, 545, 547, 548, 549, or 724(a) of the Bankruptcy Code shall be disallowed until and unless such Entity or

transferee has turned over such property to the Debtors, Reorganized EME, the Post-Effective-Date Debtor Subsidiaries, or the Post-Effective-Date Homer City Debtors, as applicable.

EXCEPT AS OTHERWISE AGREED BY REORGANIZED EME, THE POST-EFFECTIVE-DATE DEBTOR SUBSIDIARIES, THE POST-EFFECTIVE-DATE HOMER CITY DEBTORS, OR THE PURCHASER (SOLELY WITH RESPECT TO ASSUMED LIABILITIES), AS APPLICABLE, HOLDERS OF CLAIMS ON ACCOUNT OF ANY AND ALL PROOFS OF CLAIM FILED AFTER THE CLAIMS BAR DATE SHALL NOT RECEIVE ANY DISTRIBUTIONS ON ACCOUNT OF SUCH CLAIMS, UNLESS SUCH PROOF OF CLAIM IS ALLOWED BY A FINAL ORDER OF THE BANKRUPTCY COURT.

C. Amendments to Claims

On or after the Effective Date, except as provided in Article II.A or Article V.E of the Plan, a Claim may not be amended without the prior authorization of the Bankruptcy Court, Reorganized EME, the Post-Effective-Date Debtor Subsidiaries, the Post-Effective-Date Homer City Debtors, or the Purchaser (solely with respect to Assumed Liabilities), as applicable, and any such unauthorized new or amended Claim Filed shall be deemed disallowed and expunged without any further notice to or action, order, or approval of the Bankruptcy Court.

ARTICLE VIII.
SETTLEMENT, RELEASE, INJUNCTION, AND RELATED PROVISIONS

A. Discharge of Claims and Termination of Interests; Compromise and Settlement of Claims, Interests, and Controversies

Pursuant to section 1141(d) of the Bankruptcy Code, and except as otherwise specifically provided in the Plan or in any contract, instrument, or other agreement or document created pursuant to the Plan, the distributions, rights, and treatment that are provided in the Plan shall be in complete satisfaction, compromise, settlement, release, and discharge, effective as of the Effective Date, of all debt (as such term is defined in section 101 of the Bankruptcy Code) that arose before the Effective Date, any debts of any kind specified in sections 502(g), 502(h), or 502(i) of the Bankruptcy Code, and the rights and Interests of any Holders of Interests whether or not: (1) a Proof of Claim based on such debt or Interest is Filed; (2) a Claim or Interest based upon such debt is Allowed pursuant to section 502 of the Bankruptcy Code; or (3) the Holder of such a Claim or Interest has accepted the Plan. The Confirmation Order shall be a judicial determination of the discharge of all Claims and Interests subject to the Effective Date occurring, except as provided for under section 1141(d)(6) of the Bankruptcy Code.

Pursuant to Bankruptcy Rule 9019 and in consideration for the distributions and other benefits provided pursuant to the Plan, the provisions of the Plan shall constitute a good faith compromise of all Claims, Interests, and controversies relating to the contractual, legal, and subordination rights that a Holder of a Claim or Interest may have with respect to any Allowed Claim or Interest, or any distribution to be made on account of such Allowed Claim or Interest. The entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of the compromise or settlement of all such Claims, Interests, and controversies, as well as a finding by the Bankruptcy Court that such compromise or settlement is in the best interests of the Debtors, their Estates, and Holders of Claims and Interests and is fair, equitable, and reasonable. In accordance with the provisions of the Plan, pursuant to Bankruptcy Rule 9019, without any further notice to or action, order, or approval of the Bankruptcy Court, after the Effective Date, Reorganized EME, the Post-Effective-Date Debtor Subsidiaries, the Post-Effective-Date Homer City Debtors, and the Purchaser, as applicable, may compromise and settle Claims against the Debtors and their Estates and Causes of Action, including, solely with respect to Reorganized EME, any EIX Litigation Claims, against other Entities; provided, however, that (1) prior to the Effective Date, the Debtors shall seek Bankruptcy Court approval of any settlement of the EIX Litigation Claims and (2) on and after the Effective Date, subject to any confidentiality restrictions, Reorganized EME shall provide notice of any settlement of the EIX Litigation Claims to Holders of New Interests to the extent reasonably practicable.

B. Subordinated Claims

The allowance, classification, and treatment of all Allowed Claims and Interests and the respective distributions and treatments under the Plan take into account and conform to the relative priority and rights of the Claims and Interests in each Class in connection with any contractual, legal, and equitable subordination rights relating thereto, whether arising under general principles of equitable subordination, section 510(b) of the Bankruptcy Code, or otherwise. Pursuant to section 510 of the Bankruptcy Code, Reorganized EME, the Post-Effective-Date Debtor Subsidiaries, and the Post-Effective-Date Homer City Debtors, as applicable, reserve the right to re-classify any Allowed Claim or Interest in accordance with any contractual, legal, or equitable subordination relating thereto.

C. ***Debtor Release***

Notwithstanding anything contained herein to the contrary, on the Confirmation Date and effective as of the Effective Date and to the fullest extent authorized by applicable law, for the good and valuable consideration provided by each of the Released Parties, the adequacy of which is hereby confirmed, the Released Parties are deemed released and discharged by the Debtors and their estates from any and all claims, interests, obligations, rights, suits, damages, causes of action, remedies, and liabilities whatsoever, including any derivative claims, asserted on behalf of any Debtor, whether known or unknown, foreseen or unforeseen, existing or hereinafter arising, in law, equity, or otherwise, that the Debtors, their estates, or affiliates would have been legally entitled to assert in their own right (whether individually or collectively) or on behalf of the holder of any claim or interest or other entity, based on or relating to, or in any manner arising from, in whole or in part, the Debtors, the Debtors' restructuring, the Chapter 11 Cases, the purchase, sale, or rescission of the purchase or sale of any security of the Debtors, the subject matter of, or the transactions or events giving rise to, any claim or interest that is treated in the Plan, the business or contractual arrangements between any Debtor and any Released Party, the restructuring of claims and interests prior to or during the Chapter 11 Cases, the negotiation, formulation, or preparation of the Plan, the Disclosure Statement, the Plan Supplement, the Plan Sponsor Agreement or any related agreements, instruments, or other documents, upon any other act or omission, transaction, agreement, event, or other occurrence taking place on or before the Effective Date, other than claims or liabilities arising out of or relating to any act or omission of a Released Party that constitutes actual fraud, willful misconduct, or gross negligence. For the avoidance of doubt, the EIX Litigation Claims shall not be released pursuant to the Plan, and the EIX Litigation Parties are not Released Parties.

Entry of the Confirmation Order shall constitute the Bankruptcy Court's approval, pursuant to Bankruptcy Rule 9019, of this Article VIII.C of the Plan, which includes by reference each of the related provisions and definitions contained in the Plan and shall constitute the Bankruptcy Court's finding that this Article VIII.C of the Plan is: (1) in exchange for the good and valuable consideration provided by the Released Parties; (2) a good faith settlement and compromise of the Claims released by this Article VIII.C of the Plan; (3) in the best interests of the Debtors, their Estates, and all Holders of Claims and Interests; (4) fair, equitable, and reasonable; (5) given and made after due notice and opportunity for hearing; and (6) a bar to any of Reorganized EME, the Post-Effective-Date Debtor Subsidiaries, the Post-Effective-Date Homer City Debtors, or the Debtors' Estates asserting any Claim or Cause of Action released pursuant to this Article VIII.C of the Plan.

D. ***Release by Holders of Claims and Interests***

Notwithstanding anything contained herein to the contrary, on the Confirmation Date and effective as of the Effective Date and to the fullest extent authorized by applicable law, the Releasing Parties are deemed to have released and discharged the Debtors and their Estates and the Released Parties from any and all claims, interests, obligations, rights, suits, damages, causes of action, remedies, and liabilities whatsoever, including any derivative claims, asserted on behalf of any Debtor, whether known or unknown, foreseen or unforeseen, existing or hereinafter arising, in law, equity, or otherwise, that such entity would have been legally entitled to assert (whether individually or collectively), based on or relating to, or in any manner arising from, in whole or in part, the Debtors, the Debtors' restructuring, the Chapter 11 Cases, the purchase, sale, or rescission of the purchase or sale of any security of the Debtors, the subject matter of, or

the transactions or events giving rise to, any claim or interest that is treated in the Plan, the business or contractual arrangements between any Debtor and any Released Party, the restructuring of claims and interests prior to or in the Chapter 11 Cases, the negotiation, formulation, or preparation of the Plan, the Disclosure Statement, the Plan Supplement, the Plan Sponsor Agreement or any related agreements, instruments, or other documents, upon any other act or omission, transaction, agreement, event, or other occurrence taking place on or before the Effective Date, other than claims or liabilities arising out of or relating to any act or omission of a Released Party that constitutes actual fraud, willful misconduct, or gross negligence. Notwithstanding anything to the contrary in the foregoing, the release set forth above does not release any obligations arising on or after the Effective Date (1) of any party under the Plan or any document, instrument, or agreement (including those set forth in the Plan Supplement) executed to implement the Plan or (2) under the PoJo Leases and Documents (as modified by the PoJo Lease Modifications). For the avoidance of doubt, the EIX Litigation Claims shall not be released pursuant to the Plan, and the EIX Litigation Parties are not Released Parties.

Entry of the Confirmation Order shall constitute the Bankruptcy Court's approval, pursuant to Bankruptcy Rule 9019, of this Article VIII.D of the Plan, which includes by reference each of the related provisions and definitions contained in the Plan and shall constitute the Bankruptcy Court's finding that this Article VIII.D of the Plan is: (1) in exchange for the good and valuable consideration provided by the Released Parties; (2) a good faith settlement and compromise of the Claims released by this Article VIII.D of the Plan; (3) in the best interests of the Debtors, their Estates, and all Holders of Claims and Interests; (4) fair, equitable and reasonable; (5) given and made after due notice and opportunity for hearing; and (6) a bar to any of the Entities subject to this Article VIII.D of the Plan asserting any claim or cause of action released pursuant to this Article VIII.D of the Plan.

E. ***Exculpation***

Notwithstanding anything contained herein to the contrary, on the Confirmation Date and effective as of the Effective Date and to the fullest extent authorized by applicable law, none of the Exculpated Parties, shall have or incur any liability for any claim, cause of action, or other assertion of liability for any act taken or omitted to be taken in connection with, or arising out of, the Chapter 11 Cases, the negotiation, formulation, or preparation of the Plan or any contract, instrument, document, or other agreement entered into pursuant thereto, or any distributions made pursuant to or in accordance with the Plan, through the Effective Date; provided that the foregoing shall not affect the liability of any person that otherwise would result from any such act or omission to the extent such act or omission is determined by a Final Order to have constituted actual fraud, willful misconduct, or gross negligence.

F. ***Injunction***

Notwithstanding anything contained herein to the contrary, on the Confirmation Date and effective as of the Effective Date and to the fullest extent authorized by applicable law, all Entities who have held, hold, or may hold Claims or Interests that have been released pursuant to the Plan, compromised and settled pursuant to the Plan, or are exculpated pursuant to the Plan, are permanently enjoined, from and after the Effective Date, from taking any of the following actions against, as applicable, the Debtors or the Released Parties or their respective property: (1) commencing or continuing in any manner any action or other proceeding of any kind on account of or in connection with or with respect to any such released, compromised, settled, or exculpated claim or interest; (2) enforcing, attaching, collecting, or recovering by any manner or means any judgment, award, decree, or order against such entities on account of or in connection with or with respect to any such released, compromised, settled, or exculpated claims or interests; (3) creating, perfecting, or enforcing any encumbrance of any kind against such entities or the property or the Estates of such entities on account of or in connection with or with respect to any such released, compromised, settled, or exculpated claims or interests; (4) asserting any right of setoff, subrogation, or recoupment of any kind against any obligation due from such entities or against the property of such entities on account of or in connection with or with respect to any such released, compromised, settled, or exculpated claims or interests unless such entity has timely filed a proof of claim with the Bankruptcy Court preserving such right of setoff, subrogation, or recoupment; and (5) commencing or continuing in any manner any action

or other proceeding of any kind on account of or in connection with or with respect to any such released, compromised, settled, or exculpated claims or interests.

*G. **EIX Injunction***

To preserve the net operating losses, production tax credits, or other tax attributes of the Debtors and the Non-Debtor Subsidiaries, each of which such tax attributes shall vest in Reorganized EME on the Effective Date, the Debtors and Non-Debtor Subsidiaries are authorized to take any actions necessary to preserve such tax attributes and, pursuant to the injunction set forth in Article VIII.F of the Plan, EIX is hereby permanently enjoined from taking any actions affecting such tax attributes. For the avoidance of doubt, on and after the Effective Date, EIX shall be required to make elections determined by Reorganized EME, in its sole discretion, as necessary to preserve such tax attributes.

*H. **Purchaser Injunction***

In addition to the Injunction set forth under Article VIII.F hereof, on the Confirmation Date and effective as of the Effective Date, all Excluded Liabilities that may otherwise be asserted against the Purchaser Parties, any Acquired Company, or any of their respective property shall be permanently released and enjoined pursuant to the Plan and any such Excluded Liabilities shall be paid or treated pursuant to the terms of the Plan.

*I. **Waiver of Statutory Limitations on Releases***

Each Releasing Party in each of the releases contained in the Plan (including under Article VIII of the Plan) expressly acknowledges that although ordinarily a general release may not extend to claims which the Releasing Party does not know or suspect to exist in his favor, which if known by it may have materially affected its settlement with the party released, each Releasing Party has carefully considered and taken into account in determining to enter into the above releases the possible existence of such unknown losses or claims. Without limiting the generality of the foregoing, each Releasing Party expressly waives any and all rights conferred upon it by any statute or rule of law which provides that a release does not extend to claims which the claimant does not know or suspect to exist in its favor at the time of executing the release, which if known by it may have materially affected its settlement with the released party, including the provisions of California Civil Code Section 1542. The releases contained in Article VIII of the Plan are effective regardless of whether those released matters are presently known, unknown, suspected or unsuspected, foreseen or unforeseen.

J. Setoffs

Except as otherwise provided herein, the Debtors, Reorganized EME, the Post-Effective-Date Debtor Subsidiaries, the Post-Effective-Date Homer City Debtors, and the Purchaser, as applicable pursuant to the Bankruptcy Code (including section 553 of the Bankruptcy Code), applicable nonbankruptcy law, or as may be agreed to by the Holder of a Claim or Interest, may set off against any Allowed Claim or Interest (which setoff shall be made against the Allowed Claim or Interest, not against any distributions to be made under the Plan with respect to such Allowed Claim or Interest) , any Claims, rights, and Causes of Action of any nature that any Debtor may hold against the Holder of such Allowed Claim or Interest, to the extent such Claims, rights, or Causes of Action against such Holder have not been otherwise compromised or settled on or prior to the Effective Date (whether pursuant to the Plan or otherwise), and any distribution to which a Holder is entitled under the Plan shall be made on account of the Claim or Interest, as reduced after application of the setoff described above. In no event shall any Holder of any Claim or Interest be entitled to set off any Claim or Interest against any Claim, right, or Cause of Action of the Debtors unless such Holder obtains entry of a Final Order entered by the Bankruptcy Court authorizing such setoff or unless such setoff is otherwise agreed to in writing by the Debtors Reorganized EME, the Post-Effective-Date Debtor Subsidiaries, the Post-Effective-Date Homer City Debtors, or the Purchaser, as applicable, and a Holder of a Claim or Interest; provided that, where there is no written agreement between the Debtors, Reorganized EME, the Post-Effective-Date Debtor Subsidiaries, the Post-Effective-Date Homer City Debtors, or the Purchaser, as applicable and a holder of a claim authorizing such setoff nothing herein shall prejudice or be deemed to have prejudiced the rights of the Debtors, Reorganized EME, the Post-Effective-Date Debtor Subsidiaries, the Post-

Effective-Date Homer City Debtors, or the Purchaser to assert that any Holder's setoff rights were required to have been asserted by motion to the Bankruptcy Court prior to the Effective Date. For the avoidance of doubt, EIX shall not be entitled to set off any claim against any Debtor absent entry of a Final Order entered by the Bankruptcy Court authorizing such setoff or unless such setoff is otherwise agreed to in writing by Reorganized EME.

K. Special Provision Governing Accrued Professional Compensation Claims and Final Fee Applications

For the avoidance of doubt, the releases in Article VIII of the Plan shall not waive, affect, limit, restrict, or otherwise modify the right of any party in interest to object to any Accrued Professional Compensation Claim or final fee application Filed by any Professional in the Chapter 11 Cases.

ARTICLE IX.
EFFECT OF CONFIRMATION OF THE PLAN

Upon entry of the Confirmation Order, the Bankruptcy Court shall be deemed to have made and issued pursuant to Bankruptcy Rule 7052, made applicable to this proceeding pursuant to Bankruptcy Rule 9014, the following findings of fact and conclusions of law as though made after due deliberation and upon the record at the Confirmation Hearing. Upon entry of the Confirmation Order, any and all findings of fact in the Plan shall constitute findings of fact even if they are stated as conclusions of law, and any and all conclusions of law in the Plan shall constitute conclusions of law even if they are stated as findings of fact.

A. Jurisdiction and Venue

On the Petition Date, the Debtors commenced the Chapter 11 Cases by filing voluntary petitions for relief under Chapter 11 of the Bankruptcy Code. The Debtors were and are qualified to be debtors under section 109 of the Bankruptcy Code. Venue in the Northern District of Illinois was proper as of the Petition Date and continues to be proper. Confirmation of the Plan is a core proceeding under 28 U.S.C. § 157(b)(2). The Bankruptcy Court has subject matter jurisdiction over this matter pursuant to 28 U.S.C. § 1334 and the Bankruptcy Court has exclusive jurisdiction to determine whether the Plan complies with the applicable provisions of the Bankruptcy Code and should be confirmed.

B. Order Approving the Disclosure Statement

On December [●], 2013, the Bankruptcy Court entered the Disclosure Statement Order which, among other things, (a) approved the Disclosure Statement as containing adequate information within the meaning of section 1125 of the Bankruptcy Code and Bankruptcy Rule 3017 and (b) approved certain procedures and documents for soliciting and tabulating votes with respect to the Plan.

C. Publication of Confirmation Hearing Notice

As evidenced in the Affidavit of Publication, the Notice, Claims, and Solicitation Agent published notice of the Confirmation Hearing in **[The New York Times (National Edition)]** on [●], 2013.

D. Voting Report

Prior to the Confirmation Hearing, the Debtors filed the Voting Report. All procedures used to distribute solicitation materials to the applicable Holders of Claims and Interests and to tabulate the Ballots were fair and conducted in accordance with the Disclosure Statement Order, the Bankruptcy Code, the Bankruptcy Rules, and all other applicable rules, laws, and regulations. Pursuant to sections 1124 and 1126 of the Bankruptcy Code, at least one Impaired Class entitled to vote on the Plan has voted to accept the Plan in accordance with limited substantive consolidation contemplated by Article IV.R of the Plan.

E. Judicial Notice

The Bankruptcy Court takes judicial notice of the docket of the Chapter 11 Cases maintained by the clerk of the Bankruptcy Court and/or its duly appointed agent, including, without limitation, all pleadings and other documents Filed, all orders entered, and all evidence and arguments made, proffered, or adduced at the hearings held before the Bankruptcy Court during the pendency of the Chapter 11 Cases (including the Confirmation Hearing). Resolutions of any objections to Confirmation explained on the record at the Confirmation Hearing are hereby incorporated by reference. All entries on the docket of the Chapter 11 Cases shall constitute the record before the Bankruptcy Court for purposes of the Confirmation Hearing.

F. Transmittal and Mailing of Materials; Notice

Due, adequate, and sufficient notice of the Disclosure Statement, Plan, Plan Supplement, and Confirmation Hearing, along with all deadlines for voting on or objecting to the Plan, has been given to (1) all known Holders of Claims and Interests; (2) parties that requested notice in accordance with Bankruptcy Rule 2002; (3) all parties to Unexpired Leases and Executory Contracts, and (4) all taxing authorities listed on the Schedules or in the Claims Register, in compliance with Bankruptcy Rules 2002(b), 3017, and 3020(b) and the Disclosure Statement Order, and such transmittal and service were adequate and sufficient. Adequate and sufficient notice of the Confirmation Hearing and other dates, deadlines, and hearings described in the Disclosure Statement Order was given in compliance with the Bankruptcy Rules and such order, and no other or further notice is or shall be required.

G. Solicitation

Votes for acceptance and rejection of the Plan were solicited in good faith and complied with sections 1125 and 1126 of the Bankruptcy Code, Bankruptcy Rules 3017 and 3018, the Disclosure Statement Order, all other applicable provisions of the Bankruptcy Code and all other applicable rules, laws, and regulations. The Debtors and their respective directors, managers, officers, employees, agents, affiliates, representatives, attorneys, and advisors, as applicable, have solicited votes on the Plan in good faith and in compliance with the applicable provisions of the Bankruptcy Code and the Disclosure Statement Order and are entitled to the protections afforded by section 1125(e) of the Bankruptcy Code and the exculpation provisions set forth in Article VIII of the Plan.

H. Burden of Proof

The Debtors, as proponents of the Plan, have satisfied their burden of proving the elements of sections 1129(a) and 1129(b) of the Bankruptcy Code by a preponderance of the evidence, which is the applicable evidentiary standard. The Bankruptcy Court also finds that the Debtors have satisfied the elements of section 1129(a) and 1129(b) of the Bankruptcy Code by clear and convincing evidence.

I. Bankruptcy Rule 3016(a) Compliance

The Plan is dated and identifies proponents thereof, thereby satisfying Bankruptcy Rule 3016(a).

J. Compliance with the Requirements of Section 1129 of the Bankruptcy Code

The Plan complies with all requirements of section 1129 of the Bankruptcy Code as follows:

1. Section 1129(a)(1)—Compliance of the Plan with Applicable Provisions of the Bankruptcy Code

The Plan complies with all applicable provisions of the Bankruptcy Code as required by section 1129(a)(1) of the Bankruptcy Code, including, without limitation, sections 1121, 1122, 1123, and 1125 of the Bankruptcy Code.

(a) Standing

Each of the Debtors has standing to file a plan and the Debtors, therefore, have satisfied section 1121 of the Bankruptcy Code.

(b) Proper Classification

Pursuant to sections 1122(a) and 1123(a)(1) of the Bankruptcy Code, Article III of the Plan designates Classes of Claims and Interests, other than Administrative Claims, Accrued Professional Compensation Claims, and Priority Tax Claims, which are not required to be classified. As required by section 1122(a) of the Bankruptcy Code, each Class of Claims and Interests contains only Claims or Interests that are substantially similar to the other Claims or Interests within that Class.

(c) Specification of Unimpaired Classes

Pursuant to section 1123(a)(2) of the Bankruptcy Code, Article III of the Plan specifies all Classes of Claims and Interests that are not Impaired.

(d) Specification of Treatment of Impaired Classes

Pursuant to section 1123(a)(3) of the Bankruptcy Code, Article III of the Plan specifies the treatment of all Classes of Claims and Interests that are

Impaired.

(e) No Discrimination

Pursuant to section 1123(a)(4) of the Bankruptcy Code, Article III of the Plan provides the same treatment for each Claim or Interest within a particular Class, as the case may be, unless the Holder of a particular Claim or Interest has agreed to less favorable treatment with respect to such Claim or Interest, as applicable.

(f) Plan Implementation

Pursuant to section 1123(a)(5) of the Bankruptcy Code, the Plan provides adequate and proper means for the Plan's implementation. Immediately upon the Effective Date, sufficient Cash and other consideration provided under the Plan will be available to make all payments required to be made on the Effective Date pursuant to the terms of the Plan. Moreover, Article IV and various other provisions of the Plan specifically provide adequate means for the Plan's implementation.

(g) Voting Power of Equity Securities; Selection of Officer, Director, or Trustee under the Plan

The New Corporate Governance Documents comply with sections 1123(a)(6) and 1123(a)(7) of the Bankruptcy Code.

(h) Impairment/Unimpairment of Classes of Claims and Equity Interests

Pursuant to section 1123(b)(1) of the Bankruptcy Code, (A) Class A1 (Other Priority Claims against EME), Class A2 (Secured Claims against EME), Class B1 (Other Priority Claims against Debtor Subsidiaries), Class B2 (Secured Claims against Debtor Subsidiaries), Class B6 (Intercompany Interests in Debtor Subsidiaries), Class C1 (Other Priority Claims against Homer City Debtors), and Class C2 (Secured Claims against Homer City Debtors) are Unimpaired under the Plan and (B) Class A3 (General Unsecured Claims against EME (Assumed Liabilities)), Class A4 (General Unsecured Claims against EME (Not Assumed Liabilities)), Class A5 (Joint-Liability General Unsecured Claims against EME), Class A6 (Intercompany Claims against EME), Class A7 (Subordinated Claims against EME), Class A8 (EME Interests), Class B3 (General Unsecured Claims against Debtor Subsidiaries), Class B4 (Intercompany Claims against Debtor Subsidiaries), Class B5 (Subordinated Claims against Debtor Subsidiaries), Class C3 (General Unsecured Claims against Homer City Debtors), Class C4 (Intercompany Claims against Homer City Debtors), Class C5 (Subordinated Claims against Homer City Debtors), and Class C6 (Intercompany Interests in Homer City Debtors) are Impaired under the Plan.

(i) Assumption and Rejection of Executory Contracts and Unexpired Leases

In accordance with section 1123(b)(2) of the Bankruptcy Code, pursuant to Article V.A of the Plan, as of the Effective Date, all Executory Contracts and Unexpired Leases listed on the Schedule of Assumed Executory Contracts and Unexpired Leases will be deemed: (A) assumed by the applicable Debtor in accordance with, and subject to the provisions and requirements of sections 365 and 1123 of the Bankruptcy Code; and (B) if so indicated on the Schedule of Assumed Executory Contracts and Unexpired Leases, assigned to the other party identified as the assignee for each assumed Executory Contract and Unexpired Lease. Pursuant to Article V.B of the Plan, each Debtor shall be deemed to have rejected each Executory Contract and Unexpired Lease to which it is a party, unless such Executory Contract or Unexpired Lease: (A) was previously assumed or rejected; (B) was previously expired or terminated pursuant to its own terms; (C) is the subject of a motion or notice to assume filed on or before the Confirmation Date; or (D) is designated specifically or by category as an Executory Contract or Unexpired Lease on the Schedule of Assumed Executory Contracts and Unexpired Leases. The Debtors' assumption and assignment of the Executory Contracts and Unexpired Leases listed on the Schedule of Assumed Executory Contracts and Unexpired Leases pursuant to Article V of the Plan governing assumption and rejection of executory contracts and unexpired leases satisfies the requirements of section 365(b) of the Bankruptcy Code and, accordingly, the requirements of section 1123(b)(2) of the Bankruptcy Code. For the avoidance of doubt, as of the Effective Date, the PoJo Leases and Documents shall be modified and assumed in accordance with Article V.G of the Plan.

The Debtors have exercised reasonable business judgment in determining whether to reject, assume, or assume and assign each of their Executory Contracts and Unexpired Leases under the terms of the Plan. Each pre- or post-Confirmation rejection, assumption, or assumption and assignment of an Executory Contract or Unexpired Lease pursuant to Article V of the Plan will be legal, valid and binding upon the applicable Debtor and all other parties to such Executory Contract or Unexpired Lease, as applicable, all to the same extent as if such rejection, assumption, or assumption and assignment had been effectuated pursuant to an appropriate order of the Court entered before the Confirmation Date under section 365 of the Bankruptcy Code. Each of the Executory Contracts and Unexpired Leases to be rejected, assumed, or assumed and assigned is deemed to be an executory contract or an unexpired lease, as applicable.

(j) Settlement of Claims and Causes of Action

All of the settlements and compromises pursuant to and in connection with Plan or incorporated by reference into the Plan comply with the requirements of section 1123(b)(3) of the Bankruptcy Code and Bankruptcy Rule 9019.

(k) Cure of Defaults

Article V of the Plan provides for the satisfaction of default claims associated with each Executory Contract and Unexpired Lease to be assumed in accordance with section 365(b)(1) of the Bankruptcy Code. The cure amounts identified in the Schedule of Assumed Executory Contracts and Unexpired Leases and any amendments thereto, as applicable, represent the amount, if any, that the Post-Effective-Date Debtor Subsidiaries or the Purchaser, as applicable, propose to pay in full and complete satisfaction of such default claims. Any disputed cure amounts will be determined in accordance with the procedures set forth in Article V of the Plan, and applicable bankruptcy and nonbankruptcy law. As such, the Plan provides that the Post-Effective-Date Debtor Subsidiaries or the Purchaser, as applicable, will cure, or provide adequate assurance that the Post-Effective-Date Debtor Subsidiaries or Purchaser, as applicable, will promptly cure, defaults with Executory Contracts and Unexpired Leases in compliance with section 365(b)(1) of the Bankruptcy Code; provided that the Lessor Notes (as defined in the PoJo Leases and Documents) shall be deemed fully cured on the Effective Date following the payment of the Agreed PoJo Cure Amount and the PoJo Restructuring Fees in accordance with Article V.G of the Plan. Thus, the Plan complies with section 1123(d) of the Bankruptcy Code.

(l) Other Appropriate Provisions

The Plan's other provisions are appropriate and consistent with the applicable provisions of the Bankruptcy Code, including without limitation, provisions for (i) distributions to holders of Claims and Interests, (ii) objections

to Claims, (iii) procedures for resolving disputed, contingent, and unliquidated claims, (iv) cure amounts, (v) procedures governing Cure disputes, and (vi) indemnification obligations.

2. Section 1129(a)(2)—Compliance of Plan Proponents with Applicable Provisions of the Bankruptcy Code

The Debtors, as proponents of the Plan, have complied with all applicable provisions of the Bankruptcy Code as required by section 1129(a)(2) of the Bankruptcy Code, including, without limitation, sections 1125 and 1126 of the Bankruptcy Code and Bankruptcy Rules 3017, 3018, and 3019. In particular, the Debtors are proper debtors under section 109 of the Bankruptcy Code and proper proponents of the Plan under section 1121(a) of the Bankruptcy Code. Furthermore, the solicitation of acceptances or rejections of the Plan was (i) pursuant to the Disclosure Statement Order; (ii) in compliance with all applicable laws, rules, and regulations governing the adequacy of disclosure in connection with such solicitation; and (iii) solicited after disclosure to Holders of Claims or Interests of adequate information as defined in section 1125(a) of the Bankruptcy Code. Accordingly, the Debtors and their respective directors, officers, employees, agents, affiliates, and Professionals have acted in "good faith" within the meaning of section 1125(e) of the Bankruptcy Code.

3. Section 1129(a)(3)—Proposal of Plan in Good Faith

The Debtors have proposed the Plan in good faith and not by any means forbidden by law. In determining that the Plan has been proposed in good faith, the Court has examined the totality of the circumstances surrounding the filing of the Chapter 11 Cases, the Plan itself, and the process leading to its formulation. The Chapter 11 Cases were filed, and the Plan was proposed, with the legitimate purpose of allowing the Debtors to reorganize.

4. Section 1129(a)(4)—Bankruptcy Court Approval of Certain Payments as Reasonable

Pursuant to section 1129(a)(4) of the Bankruptcy Code, the payments to be made for services or for costs in connection with the Chapter 11 Cases or the Plan, including the fees, expenses, and indemnities payable related to the New Interests, are approved. The fees and expenses incurred by Professionals retained by the Debtors or the Committee shall be payable according to the orders approving such Professionals' retentions, the Interim Compensation Order, other applicable Bankruptcy Court orders, or as otherwise provided in the Plan. In addition, the Supporting Noteholder Fees, PoJo Restructuring Fees, and EME Senior Notes Indenture Trustee Fees shall be paid as provided for in the Plan.

5. Section 1129(a)(5)—Disclosure of Identity of Proposed Management, Compensation of Insiders, and Consistency of Management Proposals with the Interests of Creditors and Public Policy

Pursuant to section 1129(a)(5) of the Bankruptcy Code, information concerning the persons proposed to serve as the initial directors and officers of Reorganized EME upon Consummation of the Plan has been fully disclosed to the extent available, and the appointment to, or continuance in, such offices of such persons is consistent with the interests of Holders of Claims and Interests and with public policy.

6. Section 1129(a)(6)—Approval of Rate Changes

Section 1129(a)(6) of the Bankruptcy Code is not applicable because the Plan does not provide for rate changes by any of the Debtors.

7. Section 1129(a)(7)—Best Interests of Creditors and Interest Holders

The liquidation analysis included as Exhibit E of the Disclosure Statement, and the other evidence related thereto that was proffered or adduced at or prior to, or in affidavits in connection with, the Confirmation Hearing, is reasonable. The methodology used and assumptions made in such liquidation analysis, as supplemented by the evidence proffered or adduced at or prior to, or in affidavits filed in connection with, the Confirmation Hearing, are reasonable. With respect to each Impaired Class, each Holder of an Allowed Claim or Interest in such Class has accepted the Plan or will receive under the Plan on account of such Claim or Interest property of a value, as of the

Effective Date, that is not less than the amount such Holder would receive if the Debtors were liquidated under Chapter 7 of the Bankruptcy Code.

8. Section 1129(a)(8)—Conclusive Presumption of Acceptance by Unimpaired Classes; Acceptance of the Plan by Each Impaired Class

Certain Classes of Claims and Interest are Unimpaired and are deemed conclusively to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. In addition, at least one Impaired Class that was entitled to vote has voted to accept the Plan. Because the Plan provides that the certain Classes of Claims and Interests will be Impaired and because no distributions shall be made to Holders in such Classes, such Holders are deemed conclusively to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code and, therefore, are not entitled to vote to accept or reject the Plan.

9. Section 1129(a)(9)—Treatment of Claims Entitled to Priority Pursuant to Section 507(a) of the Bankruptcy Code

The treatment of Administrative Claims and Priority Tax Claims under Article II of the Plan satisfies the requirements of section 1129(a)(9) of the Bankruptcy Code.

10. Section 1129(a)(10)—Acceptance by at Least One Impaired Class

At least one Impaired Class has voted to accept the Plan. Accordingly, section 1129(a)(10) of the Bankruptcy Code is satisfied.

11. Section 1129(a)(11)—Feasibility of the Plan

The Plan satisfies Section 1129(a)(11) of the Bankruptcy Code. Based upon the evidence proffered or adduced at, or prior to, or in affidavits filed in connection with, the Confirmation Hearing, the Plan is feasible and Confirmation of the Plan is not likely to be followed by the liquidation, or the need for further financial reorganization, of the Debtors, Reorganized EME, the Post-Effective-Date Debtor Subsidiaries, the Post-Effective-Date Homer City Debtors, or any successor to the Debtors under the Plan. Furthermore, Reorganized EME, the Post-Effective-Date Debtor Subsidiaries, and the Post-Effective-Date Homer City Debtors will have adequate assets to satisfy their respective obligations under the Plan.

12. Section 1129(a)(12)—Payment of Bankruptcy Fees

Article XIII.C of the Plan provides for the payment of all fees payable under 28 U.S.C. § 1930(a) in accordance with section 1129(a)(12) of the Bankruptcy Code.

13. Section 1129(a)(13)—Retiree Benefits

Article IV.F of the Plan provides for the treatment of the Compensation and Benefits Programs in accordance with section 1129(a)(13) of the Bankruptcy Code.

14. Section 1129(a)(14)—Domestic Support Obligations

The Debtors are not required by a judicial or administrative order, or by statute, to pay any domestic support obligations, and therefore, section 1129(a)(14) of the Bankruptcy Code is inapplicable in these Chapter 11 Cases.

15. Section 1129(a)(15)—The Debtors Are Not Individuals

The Debtors are not individuals, and therefore, section 1129(a)(15) of the Bankruptcy Code is inapplicable in these Chapter 11 Cases.

16. Section 1129(a)(16)—No Applicable Nonbankruptcy Law Regarding Transfers

Each of the Debtors that is a corporation is a moneyed, business, or commercial corporation or trust, and therefore, section 1129(a)(16) of the Bankruptcy Code is inapplicable in these Chapter 11 Cases.

17. Section 1129(b)—Confirmation of Plan Over Rejection of Impaired Classes

The Plan satisfies the requirements of section 1129(b) of the Bankruptcy Code with respect to the Classes presumed to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code or that have actually rejected the Plan (if any). To determine whether a plan is "fair and equitable" with respect to a class of claims, section 1129(b)(2)(B)(ii) of the Bankruptcy Code provides in pertinent part that "the holder of any claim or interest that is junior to the claims of such class will not receive or retain under the plan on account of such junior claim or interest any property." To determine whether a plan is "fair and equitable" with respect to a class of interests, section 1129(b)(2)(C)(ii) of the Bankruptcy Code provides that "the holder of any interest that is junior to the interests of such class will not receive or retain under the plan on account of such junior interest any property." There are no classes junior to the deemed (or actual) rejecting classes of claims or interests that will receive any distribution under the Plan. The Plan, therefore, satisfies the requirements of section 1129(b) of the Bankruptcy Code.

18. Section 1129(c)—Confirmation of Only One Plan

The Plan is the only plan that has been filed in these Chapter 11 Cases. Accordingly, the Plan satisfies the requirements of section 1129(c) of the Bankruptcy Code.

19. Section 1129(d)—Principal Purpose Not Avoidance of Taxes

The principal purpose of the Plan is not the avoidance of taxes or the avoidance of the application of section 5 of the Securities Act. Accordingly, the Plan satisfies the requirements of section 1129(d) of the Bankruptcy Code.

20. Section 1129(e)—Small Business Case

Section 1129(e) is inapplicable because these Chapter 11 Cases do not qualify as small business cases thereunder.

K. Substantive Consolidation

Except as otherwise ordered by the Bankruptcy Court, in accordance with Article IV.R of the Plan, on the Effective Date, each of the Estates of the Debtor Subsidiaries shall be substantively consolidated into a single consolidated Estate and each of the Estates of the Homer City Debtors into a single consolidated Estate, in each case solely for the limited purposes of voting and Confirmation.

L. Securities Under the Plan

Pursuant to the Plan, and without further corporate or other action, the New Interests will be issued by Reorganized EME on the Effective Date subject to the terms of the Plan.

M. Releases and Discharges

The releases and discharges of Claims and Causes of Action described in the Plan, including releases by the Debtors and by Holders of Claims, constitute good faith compromises and settlements of the matters covered thereby and are consensual. Such compromises and settlements are made in exchange for consideration and are in the best interest of Holders of Claims, are fair, equitable, reasonable, and are integral elements of the resolution of the Chapter 11 Cases in accordance with the Plan. Each of the discharge, release, indemnification, and exculpation provisions set forth in the Plan: (a) is within the jurisdiction of the Court under 28 U.S.C. §§ 1334(a), 1334(b), and

1334(d); (b) is an essential means of implementing the Plan pursuant to section 1123(a)(6) of the Bankruptcy Code; (c) is an integral element of the transactions incorporated into the Plan; (d) confers material benefit on, and is in the best interests of, the Debtors, their estates, and their creditors; (e) is important to the overall objectives of the Plan to finally resolve all Claims among or against the parties in interest in the Chapter 11 Cases with respect to the Debtors; (f) is consistent with sections 105, 1123, 1129, and all other applicable provisions of the Bankruptcy Code; and (g), without limiting the foregoing, with respect to the releases and injunctions in Article VIII.H of the Plan, are (i) essential elements of the Sale Transaction and Plan, (ii) terms and conditions without which the Purchaser Parties would not have entered into the Plan Sponsor Agreement and Purchase Agreement, (iii) narrowly tailored and (iv) in consideration of the substantial financial contribution of the Purchaser Parties under the Plan. Furthermore, the injunction set forth in Article VIII.H is an essential component of the Plan, the fruit of long-term negotiations and achieved by the exchange of good and valuable consideration that will enable unsecured creditors to realize distribution in the Chapter 11 Cases.

N. Cure of Lessor Notes

On the Effective Date, following the payment of the Agreed PoJo Cure Amount and the PoJo Restructuring Fees, the "Lessor Notes" (as defined in the PoJo Leases and Documents) shall be deemed fully cured.

O. Release and Retention of Causes of Action

It is in the best interests of Holders of Claims and Interests that the provisions in Article IV.Y of the Plan be approved.

P. Approval of Purchase Agreement and Other Documents and Agreements

All documents and agreements necessary to implement the Plan, including the Purchase Agreement, are essential elements of the Plan, are necessary to consummate the Plan and the Sale Transaction, and entry into and consummation of the transactions contemplated by each such document and agreement is in the best interests of the Debtors, the Estates, and Holders of Claims and Interests. The Debtors have exercised reasonable business judgment in determining which agreements to enter into and have provided sufficient and adequate notice of such documents and agreements. The terms and conditions of such documents and agreements have been negotiated in good faith, at arm's-length, are fair and reasonable, and are hereby reaffirmed and approved.

Q. Confirmation Hearing Exhibits

All of the exhibits presented at the Confirmation Hearing have been properly received into evidence and are a part of the record before the Bankruptcy Court.

R. Objections to Confirmation of the Plan

Any and all objections to Confirmation have been withdrawn, settled, overruled, or otherwise resolved.

S. Exemption from Transfer Taxes with Respect to the Sale Transaction

The Sale Transaction constitutes a sale or transfer under a plan confirmed under section 1129 of the Bankruptcy Code and, accordingly, the Sale Transaction shall not be subject to any tax under any law imposing a stamp tax or similar tax, including any real or personal property transfer tax, pursuant to section 1146(a) of the Bankruptcy Code.

T. Good Faith Purchaser Status

Each of the Purchaser Parties is a good faith purchaser for the purposes of section 363(m) of the Bankruptcy Code and entitled to the benefits thereof in relation to the Sale Transaction.

U. Sale Free and Clear

All assets and rights sold by EME pursuant to the Purchase Agreement are transferred, conveyed, and assigned to the Purchaser free and clear of all Liens, Claims, encumbrances, and interests pursuant to pursuant to sections 363(f) and 1123(a)(5) of the Bankruptcy Code.

V. Retention of Jurisdiction

The Bankruptcy Court may properly retain jurisdiction over the matters set forth in Article XII of the Plan and section 1142 of the Bankruptcy Code.

W. Plan Supplement

The Debtors filed the Plan Supplement, which includes the following documents: (1) to the extent known, the identity of the members of the New Board and the nature and compensation for any member of the New Board who is an "insider" under section 101(31) of the Bankruptcy Code; (2) the Schedule of Assumed Executory Contracts and Unexpired Leases; (3) the Schedule of Rejected Executory Contracts and Unexpired Leases; (4) the applicable New Corporate Governance Documents; (5) the Purchase Agreement; (6) a schedule identifying the EME Retained Causes of Action; (7) a schedule identifying the Purchaser Retained Causes of Action; (8) the Schedule of Eligible Employees; (9) the amount of the Disputed Claims Reserve Amount; (10) the calculation of the Agreed PoJo Cure Amount; (11) a summary of the Wind Down Budget, subject to appropriate confidentiality protections; and (12) any identification and tax information that will be requested of recipients of New Interests under Article VI.F.2 of the Plan. All such documents comply with the terms of the Plan, and the filing and notice of such documents was adequate, proper and in accordance with the Disclosure Statement Order, the Bankruptcy Code, the Bankruptcy Rules and the Local Rules.

ARTICLE X.
CONDITIONS PRECEDENT TO CONSUMMATION OF THE PLAN

A. Conditions Precedent to the Effective Date

It shall be a condition to Consummation of the Plan that the following conditions shall have been satisfied or waived pursuant to the provisions of Article X.B of the Plan:

1. the Bankruptcy Court shall have approved the Disclosure Statement, in form and substance acceptable to the Debtors, the Committee, the Supporting Noteholders, the Purchaser, and (solely with respect to any terms thereof that affect the rights of the PoJo Parties) the PoJo Parties, as containing adequate information and entered the Disclosure Statement Order in form and substance reasonably acceptable to the Debtors, the Purchaser Parties, the Committee, and the Supporting Noteholders, and (solely with respect to any terms thereof that affect the rights of the PoJo Parties) the PoJo Parties;

2. the Confirmation Order, in form and substance acceptable to the Debtors, the Committee, the Supporting Noteholders, the Purchaser, and (solely with respect to any terms thereof that affect the rights of the PoJo Parties) the PoJo Parties shall have been duly entered and shall not be subject to a stay;

3. all closing conditions and other conditions precedent in the Purchase Agreement shall have been satisfied or waived in accordance with the terms thereof;

4. each of the transactions described in Article V.G shall have been implemented;

5. the New Interests shall have been issued and delivered, as applicable, and all conditions precedent to the consummation of the transactions contemplated therein shall have been waived or satisfied in accordance with the terms thereof and the closing of the transactions contemplated by such agreements shall have occurred;

6. the New Corporate Governance Documents, in form and substance acceptable to the Debtors, the Committee, and the Supporting Noteholders, shall be deemed to be valid, binding, and enforceable in accordance with their terms;

7. the Supporting Noteholder Fees, and subject to Article IV.W of the Plan, the EME Senior Notes Indenture Trustee Fees, shall have been paid in full in Cash;

8. the Professional Fee Escrow shall have been established and funded in Cash in accordance with Article II.C.1 of the Plan;

9. the Compensation and Benefits Programs Escrow shall have been established and funded in Cash in accordance with Article IV.G of the Plan;

10. the Disputed Claims Reserve shall have been established and funded;

11. the Wind Down Budget shall have been agreed upon by the Debtors, the Committee, and the Supporting Noteholders, and funds sufficient to satisfy the Wind Down Budget shall have been appropriately reserved;

12. the Plan Supplement, including any amendments, modifications, or supplements to the documents, schedules, or exhibits included therein shall be in form and substance reasonably acceptable to the Debtors, the Purchaser, the Committee, the Supporting Noteholders, and (solely with respect to any terms thereof that affect the rights of the PoJo Parties) the PoJo Parties and shall have been filed with the Bankruptcy Court pursuant to the terms of the Plan;

13. all governmental and material third-party approvals and consents, including Bankruptcy Court and any required FERC authorization, necessary in connection with the transactions contemplated by the Plan shall be in full force and effect (which, in the case of an order of judgment of any Court, shall mean a Final Order), and all applicable waiting periods shall have expired without any action being taken or threatened by any competent authority that would restrain, prevent or otherwise impose materially adverse conditions on such transactions; and

14. all documents and agreements necessary to implement the Plan shall have (a) been tendered for delivery, and (b) been effected or executed by all Entities party thereto, or will be deemed executed and delivered by virtue of the effectiveness of the Plan as expressly set forth herein, and all conditions precedent to the effectiveness of such documents and agreements shall have been satisfied or waived pursuant to the terms of such documents or agreements.

B. Waiver of Conditions

The conditions to Confirmation of the Plan and to the Effective Date set forth in Article X of the Plan may be waived only by consent of the Debtors, in consultation with the Purchaser Parties, the Committee, and the Supporting Noteholders; provided that the Debtors may not waive any conditions to Confirmation of the Plan that require the consent of any of the Purchaser, the Committee, the Supporting Noteholders, or the PoJo Parties without the consent of the party or parties whose consent is required for such waiver. For the avoidance of doubt, the Debtors may not waive the condition set forth in Article X.A.4 without the consent of the PoJo Parties.

C. Substantial Consummation of the Plan

"Substantial Consummation" of the Plan, as defined in section 1101(2) of the Bankruptcy Code, shall be deemed to occur on the Effective Date.

D. Effect of Nonoccurrence of Conditions to the Effective Date

If the Effective Date does not occur, then: (1) the Plan shall be null and void in all respects; (2) any settlement or compromise embodied in the Plan (including the fixing or limiting to an amount certain of any Claim

or Interest or Class of Claims or Interests), assumption or rejection of Executory Contracts or Unexpired Leases effected by the Plan, and any document or agreement executed pursuant to the Plan, shall be deemed null and void; and (3) nothing contained in the Plan or the Disclosure Statement shall: (a) constitute a waiver or release of any Claims or Interests; (b) prejudice in any manner the rights of the Debtors or any other Person or Entity; or (c) constitute an admission, acknowledgement, offer, or undertaking of any sort by the Debtors or any other Person or Entity.

ARTICLE XI.
MODIFICATION, REVOCATION, OR WITHDRAWAL OF THE PLAN

A. Modification and Amendments

Subject to the limitations contained herein, the Debtors, with the consent of the Committee, the Supporting Noteholders, the Purchaser, and (solely with respect to any document, schedule, or exhibit that affects the rights of the PoJo Parties) the PoJo Parties, reserve the right to modify the Plan as to material terms and seek Confirmation consistent with the Bankruptcy Code and, as appropriate, not resolicit votes on such modified Plan; provided that, subject to Article III.A of the Plan, the Debtors reserve the right, after consultation with the Committee and Supporting Noteholders, to (1) withdraw the Plan with respect to the Homer City Debtors at their sole discretion, (2) seek to dismiss the Chapter 11 Cases of the Homer City Debtors, and/or (3) seek to convert the Chapter 11 Cases of the Homer City Debtors to cases under chapter 7 of the Bankruptcy Code. Subject to certain restrictions and requirements set forth in section 1127 of the Bankruptcy Code and Bankruptcy Rule 3019 and those restrictions on modifications set forth in the Plan, the Debtors, subject to the reasonable consent of the Committee, the Supporting Noteholders, and the Purchaser, expressly reserve their rights to alter, amend, or modify materially the Plan with respect to the Debtors, one or more times, after Confirmation, and, to the extent necessary, may initiate proceedings in the Bankruptcy Court to so alter, amend, or modify the Plan, or remedy any defect or omission, or reconcile any inconsistencies in the Plan, the Disclosure Statement, or the Confirmation Order, in such matters as may be necessary to carry out the purposes and intent of the Plan. Any such modification or supplement shall be considered a modification of the Plan and shall be made in accordance with Article XI of the Plan.

B. Effect of Confirmation on Modifications

Entry of a Confirmation Order shall mean that all modifications or amendments to the Plan occurring after the solicitation thereof are approved pursuant to section 1127(a) of the Bankruptcy Code and do not require additional disclosure or resolicitation under Bankruptcy Rule 3019.

C. Revocation or Withdrawal of the Plan

The Debtors reserve the right, after consultation with the Purchaser, the Committee, the Supporting Noteholders, and the PoJo Parties, to revoke or withdraw the Plan prior to the Confirmation Date. If the Debtors revoke or withdraw the Plan, or if Confirmation or Consummation does not occur, then: (1) the Plan shall be null and void in all respects; (2) any settlement or compromise embodied in the Plan (including the fixing or limiting to an amount certain of any Claim or Interest or Class of Claims or Interests), assumption or rejection of Executory Contracts or Unexpired Leases effected by the Plan, and any document or agreement executed pursuant to the Plan, shall be deemed null and void; and (3) nothing contained in the Plan or Disclosure Statement shall: (a) constitute a waiver or release of any Claims or Interests; (b) prejudice in any manner the rights of the Debtors or any other Entity; or (c) constitute an admission, acknowledgement, offer, or undertaking of any sort by the Debtors or any other Entity.

ARTICLE XII.
RETENTION OF JURISDICTION

Notwithstanding the entry of the Confirmation Order and the occurrence of the Effective Date, on and after the Effective Date, to the extent legally permissible, the Bankruptcy Court shall retain such jurisdiction over the Chapter 11 Cases and all matters, arising out of, or related to, the Chapter 11 Cases and the Plan, including jurisdiction to:

1. allow, disallow, determine, liquidate, classify, estimate, or establish the priority, Secured or unsecured status, or amount of any Claim or Interest, including the resolution of any request for payment of any Administrative Claim and the resolution of any and all objections to the Secured or unsecured status, priority, amount, or allowance of Claims or Interests and any and all disputes regarding Claims that are Assumed Liabilities (including any disputes as to whether any such Claim is an Assumed Liability);

2. decide and resolve all matters related to the granting and denying, in whole or in part, any applications for allowance of compensation or reimbursement of expenses to Professionals authorized pursuant to the Bankruptcy Code or the Plan;

3. resolve any matters related to: (a) the assumption and assignment or rejection of any Executory Contract or Unexpired Lease to which a Debtor is party or with respect to which a Debtor may be liable in any manner and to hear, determine, and, if necessary, liquidate, any Claims arising therefrom, including Claims related to the rejection of an Executory Contract or Unexpired Lease, Cure Costs pursuant to section 365 of the Bankruptcy Code, or any other matter related to such Executory Contract or Unexpired Lease, including any Executory Contract or Unexpired Lease between any Debtor or Non-Debtor Subsidiary and Chevron Corp. or any of its Affiliates; (b) any potential contractual obligation under any Executory Contract or Unexpired Lease that is assumed; (c) Reorganized EME, the Post-Effective-Date Debtor Subsidiaries, or the Post-Effective-Date Homer City Debtors, as applicable, amending, modifying, or supplementing, after the Effective Date, pursuant to Article V of the Plan, the list of Executory Contracts and Unexpired Leases to be assumed and assigned or rejected or otherwise; and (d) any dispute regarding whether a contract or lease is or was executory or expired;

4. ensure that distributions to Holders of Allowed Claims and Interests are accomplished pursuant to the provisions of the Plan;

5. adjudicate, decide, or resolve any motions, adversary proceedings, contested or litigated matters, and any other matters, and grant or deny any applications involving a Debtor that may be pending on the Effective Date;

6. adjudicate, decide, or resolve any EIX Litigation Claims;

7. enter and implement such orders as may be necessary or appropriate to execute, implement, or consummate the provisions of the Plan and all contracts, instruments, releases, indentures, and other agreements or documents created in connection with the Plan, the Disclosure Statement, or the Purchase Agreement;

8. enter and enforce any order related to the Sale Transaction or otherwise in connection with any sale of property pursuant to sections 363, 1123, or 1146(a) of the Bankruptcy Code;

9. resolve any cases, controversies, suits, disputes, or Causes of Action that may arise in connection with the Consummation, interpretation, or enforcement of the Plan or any Entity's obligations incurred in connection with the Plan;

10. issue injunctions, enter and implement other orders, or take such other actions as may be necessary or appropriate to restrain interference by any Entity with Consummation or enforcement of the Plan;

11. resolve any cases, controversies, suits, disputes, or Causes of Action with respect to the settlements, compromises, releases, injunctions, Exculpations, and other provisions contained in Article VIII of the Plan and enter such orders as may be necessary or appropriate to implement such releases, injunctions, and other provisions;

12. resolve any cases, controversies, suits, disputes, or Causes of Action with respect to the repayment or return of distributions and the recovery of additional amounts owed by the Holder of a Claim or Interest for amounts not timely repaid pursuant to Article VI.H.1 of the Plan;

13. enter and implement such orders as are necessary or appropriate if the Confirmation Order is for any reason modified, stayed, reversed, revoked, or vacated;

14. determine any other matters that may arise in connection with or relate to the Plan, the New Corporate Governance Documents, the Disclosure Statement, the Confirmation Order, the Purchase Agreement, or any contract, instrument, release, indenture, or other agreement or document created in connection with the Plan or the Disclosure Statement;

15. adjudicate any and all disputes arising from or relating to distributions under the Plan or any transactions contemplated therein;

16. consider any modifications of the Plan, to cure any defect or omission, or to reconcile any inconsistency in any Bankruptcy Court order, including the Confirmation Order;

17. determine requests for the payment of Claims and Interests entitled to priority pursuant to section 507 of the Bankruptcy Code;

18. hear and determine disputes arising in connection with the interpretation, implementation, or enforcement of the Plan, or the Confirmation Order, including disputes arising under agreements, documents, or instruments executed in connection with the Plan;

19. hear and determine matters concerning state, local, and federal taxes in accordance with sections 346, 505, and 1146 of the Bankruptcy Code;

20. hear and determine all disputes involving the existence, nature, or scope of all releases set forth herein, including any dispute relating to any liability arising out of the termination of employment or the termination of any employee or retiree benefit program, regardless of whether such termination occurred prior to or after the Effective Date;

21. enforce all orders previously entered by the Bankruptcy Court;

22. to resolve any disputes arising under the New Corporate Governance Documents;

23. hear any other matter not inconsistent with the Bankruptcy Code;

24. enter an order concluding or closing the Chapter 11 Cases; and

25. enforce the injunction, release, and Exculpation provisions set forth in Article VIII of the Plan;

ARTICLE XIII.
MISCELLANEOUS PROVISIONS

A. Immediate Binding Effect

Subject to Article X.A of the Plan and notwithstanding Bankruptcy Rules 3020(e), 6004(h), or 7062 or otherwise, upon the occurrence of the Effective Date, the terms of the Plan, the Plan Supplement, and the Confirmation Order shall be immediately effective and enforceable and deemed binding upon the Debtors and any and all Holders of Claims or Interests (regardless of whether such Claims or Interests are deemed to have accepted or rejected the Plan), all Entities that are parties to or are subject to the settlements, compromises, releases, and injunctions described in the Plan, each Entity acquiring property under the Plan or the Confirmation Order, and any and all non-Debtor parties to Executory Contracts and Unexpired Leases with the Debtors. All Claims and debts shall be as fixed, adjusted, or compromised, as applicable, pursuant to the Plan regardless of whether any Holder of a Claim or debt has voted on the Plan.

B. Additional Documents

On or before the Effective Date, the Debtors may File with the Bankruptcy Court such agreements and other documents as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan. The Debtors and all Holders of Claims or Interests receiving distributions pursuant to the Plan and all other parties in interest shall, from time to time, prepare, execute, and deliver any agreements or documents and take any other actions as may be necessary or advisable to effectuate the provisions and intent of the Plan.

C. Payment of Statutory Fees

All fees payable pursuant to section 1930(a) of the Judicial Code shall be paid for each quarter (including any fraction thereof) until the Chapter 11 Cases are converted, dismissed, or a final decree closing the Chapter 11 Cases is issued, whichever occurs first.

D. Dissolution of the Committee

On the Effective Date, the Committee shall dissolve and all members, employees, or agents thereof, including the Committee Members, shall be released and discharged from all rights and duties arising from or related to the Chapter 11 Cases, except the Committee will remain intact solely with respect to (1) the preparation, filing, review, and resolution of applications for Accrued Professional Compensation Claims; (2) a pending appeal, motion to reconsider, or motion to vacate, if any, related to Confirmation (including with respect to the Plan, the Confirmation Order, or the Purchase Agreement); and (3) the approval of any settlement of the EIX Litigation Claims, if a request for such approval is pending as of the Effective Date, or a pending appeal, if any, of any approved settlement of the EIX Litigation Claims. On the Effective Date, subject to the proviso above, the Committee Members shall be released and discharged from all rights and duties from or related the Chapter 11 Cases. Other than with respect to those matters identified in the proviso above, the Debtors, Reorganized EME, the Post-Effective-Date Debtor Subsidiaries, the Post-Effective-Date Homer City Debtors, and the Purchaser Parties, as applicable, shall no longer be liable or responsible for paying any fees or expenses incurred after the Effective Date by the Committee, the Committee Members, or any advisors to the Committee. For the avoidance of doubt, Reorganized EME shall pay the reasonable and documented fees and expenses of the Committee and the Committee's advisors incurred after the Effective Date for the matters set forth in the proviso above.

E. Certain Environmental Matters

Nothing in this Plan, the Purchase Agreement, or any Confirmation Order releases, discharges, resolves, precludes, exculpates, or enjoins any of the following liabilities to any Governmental Unit against Reorganized EME, any Post-Effective-Date Debtor Subsidiary, or any Post-Effective-Date Homer City Debtor: (1) any liability under Environmental Law that is not a Claim; and (2) any Claim under Environmental Law arising on or after the Effective Date.

Nothing in this Plan, the Purchase Agreement, or any Confirmation Order releases, discharges, resolves, precludes, exculpates, or enjoins any liability under Environmental Law to a Governmental Unit on the part of any Entity as the owner or operator of property that such Entity owns or operates after the Effective Date. From and after the Effective Date, Reorganized EME, each Post-Effective-Date Debtor Subsidiary, and each Post-Effective-Date Homer City Debtor shall comply with all applicable Environmental Laws; provided, however, that with respect to each Post-Effective-Date Debtor Subsidiary, the Bankruptcy Court's retention of jurisdiction under Article XII of the Plan shall not include enforcement or adjudicating compliance with all applicable Environmental Laws after the Confirmation Date except as provided otherwise in Article XII in relation to the allowance or disallowance of any Claim; provided, further, however, that with respect to Reorganized EME and each Post-Effective-Date Homer City Debtor, the Bankruptcy Court's retention of jurisdiction may include the enforcement or adjudication of Reorganized EME's and/or each Post-Effective-Date Homer City Debtor's compliance with all applicable Environmental Laws after the Confirmation Date to the extent permitted by applicable law and subject to a Governmental Unit's right to contest jurisdiction.

For the avoidance of doubt, all Claims under Environmental Law shall be subject to Article VIII of the Plan and treated in accordance with the Plan in all respects and the Bankruptcy Court shall retain jurisdiction as provided in Article XII of the Plan in relation to the allowance or disallowance of any Claim under Environmental Law; provided, however, that, and without limiting the Bankruptcy Court's jurisdiction as set forth in the previous paragraph, nothing in the Plan or any Confirmation Order shall divest or limit the jurisdiction of other tribunals over the Environmental Actions, and upon the Effective Date of the Plan, the Environmental Actions shall survive the Chapter 11 Cases and may be adjudicated in the court in which such Environmental Action is currently pending; provided, further, however, any judgment for a Claim in any Environmental Action shall be treated in accordance with the Plan in all respects.

Nothing in the Plan or any Confirmation Order authorizes the transfer or assignment of any governmental (a) license, (b) permit, (c) registration, (d) authorization, or (e) approval, or the discontinuation of any obligation thereunder, without compliance with all applicable legal requirements under Environmental Law.

Nothing in the Plan or any Confirmation Order shall release, discharge, resolve, preclude, exculpate, or enjoin any liability to a Governmental Unit under Environmental Law on the part of any Entity other than (a) Reorganized EME, (b) any Post-Effective-Date Debtor Subsidiary, (iii) any Post-Effective-Date Homer City Debtor, or (iv) the Purchaser. For the avoidance of doubt, no Governmental Unit shall be a Releasing Party with respect to Environmental Law under Article VIII.D of the Plan.

F. Reservation of Rights

Except as expressly set forth in the Plan, the Plan shall have no force or effect unless the Bankruptcy Court shall enter the Confirmation Order. Neither the Plan, any statement or provision contained in the Plan, nor any action taken or not taken by any Debtor with respect to the Plan, the Disclosure Statement, the Confirmation Order, or the Plan Supplement shall be or shall be deemed to be an admission or waiver of any rights of the Debtors, the Purchaser Parties, the Committee, the Supporting Noteholders, or the PoJo Parties with respect to the Holders of Claims or Interests prior to the Effective Date.

G. Successors and Assigns

The rights, benefits, and obligations of any Entity named or referred to in the Plan or the Confirmation Order shall be binding on, and shall inure to the benefit of any heir, executor, administrator, successor or assign, Affiliate, officer, director, manager, agent, representative, attorney, beneficiaries, or guardian, if any, of each Entity.

H. Service of Documents

All notices hereunder shall be deemed given if in writing and delivered, if sent by facsimile, courier, or registered or certified mail (return receipt requested) to the following addresses and facsimile numbers (or at such other addresses or facsimile numbers as shall be specified by like notice):

If to the Debtors, to:

Kirkland & Ellis LLP
300 North LaSalle
Chicago, Illinois 60654
Attn.: James H.M. Sprayregen, P.C. and David R. Seligman, P.C.
Facsimile: (312) 862-2200

-and-

Kirkland & Ellis LLP
601 Lexington Avenue
New York, New York 10022
Attn.: Joshua A. Sussberg
Facsimile: (212) 446-4900

If to the Purchaser, to:

NRG Energy, Inc.
211 Carnegie Center
Princeton, NJ 08540-6213
Attn.: Brian Curci
Facsimile: (609) 524-4501

with a copy to:

Baker Botts L.L.P.
1299 Pennsylvania Avenue, NW
Washington, DC 20004-2400
Attn.: Elaine M. Walsh
Facsimile: (202) 585-1042

-and-

Baker Botts L.L.P.
2001 Ross Avenue
Dallas, Texas 75201
Attn.: C. Luckey McDowell
Facsimile: (214) 661-4571

If to the Committee, to

Akin Gump Strauss Hauer & Feld LLP
One Bryant Park
Bank of America Tower
New York, New York 10036-6745
Attn.: Ira S. Dizengoff and Arik Preis
Facsimile: (212) 872-1002

-and-

Akin Gump Strauss Hauer & Feld LLP
1333 New Hampshire Avenue, N.W.
Washington, D.C. 20036-1564
Attn.: James Savin
Facsimile: (202) 877-4288

If to the counsel for the Supporting Noteholders, to:

Ropes & Gray LLP
1211 Avenue of the Americas
New York, New York 10036
Attn.: Keith Wofford
Facsimile: (212) 596-9090

-and-

Ropes & Gray LLP
800 Boylston Street
Boston, Massachusetts 02199
Attn.: Stephen Moeller-Sally
Facsimile: (617) 951-7050

If to Nesbitt Asset Recovery Series J-1 or Nesbitt Asset Recovery Series P-1, to:

Nesbitt Asset Recovery Series J-1
Nesbitt Asset Recovery Series P-1
c/o U.S. Bank Trust National Association, as Owner Trustee
U.S. Bank Corporate Trust Services
300 Delaware Avenue, 9th Floor
Mail Code: EXDE-WDAW
Attn.: Mildred Smith
Wilmington, Delaware 19801
Telephone: (302) 576-3703

with a copy to:

Jenner & Block LLP
Attn.: Daniel R. Murray & Melissa M. Hinds
353 North Clark Street
Chicago, Illinois 60654
Telephone: (312) 222-9350
Facsimile: (312) 527-0484

If to Nesbitt Asset Recovery Series LLC, J-1 or Nesbitt Asset Recovery Series LLC, P-1, to:

Nesbitt Asset Recovery Series LLC, J-1
Nesbitt Asset Recovery Series LLC, P-1
c/o U.S. Bank Trust National Association, as Owner Trustee
U.S. Bank Corporate Trust Services
300 Delaware Avenue, 9th Floor
Mail Code: EXDE-WDAW
Attn.: Mildred Smith
Wilmington, Delaware 19801
Telephone: (302) 576-3703

with a copy to:

Jenner & Block LLP
Attn.: Daniel R. Murray & Melissa M. Hinds
353 N. Clark Street
Chicago, Illinois 60654
Telephone: (312) 222-9350
Facsimile: (312) 527-0484

If to Nesbitt Asset Recovery LLC, to:

Nesbitt Asset Recovery LLC
Attn: President, Scott Jennings
The Nemours Building
1007 Orange Street, Suite 1465
Wilmington, DE 19801
Telephone: (302) 472-7412
Facsimile: (302) 472-7216

with a copy to:

Jenner & Block LLP
Attn: Daniel R. Murray & Melissa M. Hinds
353 North Clark Street
Chicago, Illinois 60654
Telephone: (312) 222-9350
Facsimile: (312) 527-0484

If to Joliet Trust II or Powerton Trust II, to:

Joliet Trust II
Powerton Trust II
c/o Wilmington Trust Company, as Owner Trustee
Rodney Square North
1100 North Market Street
Attn.: Corporate Trust Administration, Robert Hines
Wilmington, Delaware 19890-0001
Telephone: (302) 636-6197
Facsimile: (302) 636-4140

with a copy to:

Michael F. Collins
Richards, Layton & Finger, P.A.
One Rodney Square
920 North King Street
Wilmington, Delaware 19801
Telephone: (302) 651-7502
Facsimile: (302) 498-7502

If to Joliet Generation II, LLC or Powerton Generation II, LLC, to:

Joliet Generation II, LLC
Powerton Generation II, LLC
c/o Associates Capital Investments, L.L.C.
c/o Citigroup Global Markets Inc.
Attn.: Sugam Mehta & Brian Whalen
388 Greenwich Street, 21st Floor
New York, New York 10013
Telephone: (212) 816-1620
Facsimile: To be advised

with a copy to:

Milbank, Tweed, Hadley & McCloy LLP
Attn.: William Bice & Tyson Lomazow
1 Chase Manhattan Plaza
New York, New York 10005
Telephone: (212) 530-5000
Facsimile: (212) 530-5219

If to Associates Capital Investments, L.L.C., to:

Associates Capital Investments, L.L.C.
c/o Citigroup Global Markets Inc.
Attn.: Sugam Mehta & Brian Whalen
388 Greenwich Street, 21st Floor
New York, New York 10013
Telephone: (212) 816-1620
Facsimile: To be advised

with a copy to:

Milbank, Tweed, Hadley & McCloy LLP
Attn.: William Bice & Tyson Lomazow
1 Chase Manhattan Plaza
New York, New York 10005
Telephone: (212) 530-5000
Facsimile: (212) 530-5219

If to The Bank of New York Mellon as Successor Lease Indenture Trustee or as Successor Pass Through Trustee, to:

The Bank of New York Mellon
525 William Penn Plaza, 38th Floor
Attn.: Bridget Schessler, Vice President
Pittsburgh, Pennsylvania 15259

with a copy to:

O'Melveny & Myers, LLP
7 Times Square
New York, New York 10036-6524
Attn.: George A. Davis
Telephone: (212) 326-2062
Email: gdavis@omm.com

I. Term of Injunctions or Stays

Unless otherwise provided in the Plan or in the Confirmation Order, all injunctions or stays in effect in the Chapter 11 Cases pursuant to sections 105 or 362 of the Bankruptcy Code or any order of the Bankruptcy Court, and extant on the Confirmation Date (excluding any injunctions or stays contained in the Plan or the Confirmation Order) shall remain in full force and effect until the Effective Date. All injunctions or stays contained in the Plan or the Confirmation Order shall remain in full force and effect in accordance with their terms.

J. Entire Agreement

Except as otherwise indicated, on the Effective Date, the Plan supersedes all previous and contemporaneous negotiations, promises, covenants, agreements, understandings, and representations with respect to the subject matter of the Plan, all of which will have become merged and integrated into the Plan on the Effective Date. To the extent the Confirmation Order is inconsistent with the Plan, the Confirmation Order shall control for all purposes.

K. Nonseverability of Plan Provisions

If, prior to Confirmation, any term or provision of the Plan is held by the Bankruptcy Court to be invalid, void, or unenforceable, the Bankruptcy Court shall have the power to alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void, or unenforceable, and such term or provision shall then be applicable as altered or interpreted. Notwithstanding any such holding, alteration, or interpretation, the remainder of the terms and provisions of the Plan will remain in full force and effect and will in no way be affected, impaired, or invalidated by such holding, alteration, or interpretation. The Confirmation Order shall constitute a judicial determination and shall provide that each term and provision of the Plan, as it may have been altered or interpreted in accordance with the foregoing, is: (1) valid and enforceable pursuant to its terms; (2) integral to the Plan and may not be deleted or modified without the reasonable consent of the Debtors, the Committee, the Supporting Noteholders, and (solely with respect to any terms thereof that affect the rights of the PoJo Parties) the PoJo Parties, except as otherwise provided in the Plan; and (3) nonseverable and mutually dependent.

Respectfully submitted, as of the date first set forth above,

Edison Mission Energy (for itself and all Debtors)

By: */s/ Pedro J. Pizarro*
Name: Pedro J. Pizarro
Title: President, Edison Mission Energy

Schedule 1

Acquired Companies

1. Aguila Energy Company
2. ALP Wind LLC
3. American Bituminous Power Partners, L.P.
4. Anacapa Energy Company
5. Aurora Starlight Wind, LLC
6. Beheer-en Beleggingsmaatschappij Plogema B.V.
7. Bendwind, LLC
8. Big Sky Wind, LLC
9. Bisson Windfarm, LLC
10. Boeve Windfarm, LLC
11. Boquillas Wind, LLC
12. Broken Bow Wind, LLC
13. Buffalo Bear, LLC
14. Camino Energy Company
15. Capistrano Wind Holdings, Inc.
16. Capistrano Wind II, LLC
17. Capistrano Wind Partners, LLC
18. Capistrano Wind, Inc.
19. Capistrano Wind, LLC
20. Caresale Services Limited
21. Carstensen Wind, LLC
22. Cedro Hill Wind LLC
23. CG Windfarm, LLC
24. Chester Energy Company
25. Citizens Power Holdings One, LLC
26. CL Power Sales Eight, L.L.C.
27. Clear View Acres Wind Farm, LLC
28. Coalinga Cogeneration Company
29. Community Wind North 1 LLC
30. Community Wind North 10 LLC
31. Community Wind North 11 LLC
32. Community Wind North 13 LLC
33. Community Wind North 15 LLC
34. Community Wind North 2 LLC
35. Community Wind North 3 LLC
36. Community Wind North 5 LLC
37. Community Wind North 6 LLC
38. Community Wind North 7 LLC
39. Community Wind North 8 LLC
40. Community Wind North 9 LLC
41. Community Wind North, LLC
42. CP Power Sales Nineteen, L.L.C.
43. CP Power Sales Seventeen, L.L.C.
44. CP Power Sales Twenty, L.L.C.
45. Crofton Bluffs Wind, LLC
46. Crosswind Transmission, LLC
47. Cy-Hawk Wind Energy, LLC
48. DanMar Transmission, LLC
49. DeGreef DP, LLC
50. DeGreeffpa, LLC
51. Del Mar Energy Company
52. Doga Enerji Uretim Sanayi ve Ticaret L.S.
53. Doga Isi Satis Hizmetleri ve Ticaret L.S.
54. Doga Isletme ve Bakim Ticaret L.S.
55. Eagle View Acres Wind Farm, LLC
56. East Ridge Transmission, LLC

57. Edison First Power Holdings I
58. Edison First Power Holdings II
59. Edison First Power Limited
60. Edison Mission Arroyo Nogales, Inc.
61. Edison Mission Asset Services, Inc.
62. Edison Mission Development, Inc.
63. Edison Mission Energy Fuel
64. Edison Mission Energy Fuel Services, LLC
65. Edison Mission Energy Petroleum
66. Edison Mission Fuel Resources, Inc.
67. Edison Mission Fuel Transportation, Inc.
68. Edison Mission Huntington Beach, LLC
69. Edison Mission Marketing and Trading, Inc.
70. Edison Mission Mid-Atlantic, Inc.
71. Edison Mission Midwest Holdings Co.
72. Edison Mission Midwest II, Inc.
73. Edison Mission Midwest, Inc.
74. Edison Mission Operation & Maintenance, Inc.
75. Edison Mission Project Co.
76. Edison Mission Renewable Energy CDE, LLC
77. Edison Mission Solutions, LLC
78. Edison Mission Walnut Creek II, LLC
79. Edison Mission Walnut Creek, LLC
80. Edison Mission Wind, Inc.
81. EHI Development Fund
82. Elk Lake Wind Farm, LLC
83. Elkhorn Ridge Wind II, LLC
84. Elkhorn Ridge Wind, LLC
85. EME CP Holdings Co.
86. EME Eastern Holdings Co.
87. EME Finance UK Limited
88. EME Investments II, LLC
89. EME Investments, LLC
90. EME Service Co.
91. EME Southwest Power Corporation
92. EME UK International LLC
93. EME Western Holdings Co.
94. Fey Windfarm, LLC
95. First Hydro Renewables Limited
96. Foresight Flying M, LLC
97. Forward WindPower, LLC
98. Global Power Investors, Inc.
99. Goat Wind, LP
100. Green Prairie Energy, LLC
101. Greenback Energy, LLC
102. Greene Wind Energy, LLC
103. Groen Wind, LLC
104. Guadalupe Mountains Wind, LLC
105. Hardin Hilltop Wind, LLC
106. Hardin Wind Energy, LLC
107. High Lonesome Mesa Investments, LLC
108. High Lonesome Mesa, LLC
109. Highland Township Wind Farm, LLC
110. Hillcrest Wind, LLC
111. HyperGen, LLC
112. Jeffers Wind 20, LLC

113. JMC Wind, LLC
114. K-Brink Windfarm, LLC
115. Kern River Cogeneration Company
116. Laredo Ridge Wind, LLC
117. Larswind, LLC
118. LimiEnergy, LLC
119. Lookout WindPower, LLC
120. Lucky Wind, LLC
121. Maiden Winds, LLC
122. Maine Mountain Power, LLC
123. Maplekey Holdings Limited
124. Maplekey UK Finance Limited
125. Maplekey UK Limited
126. MD & E Wind, LLC
127. MEC Esenyurt B.V.
128. MEC San Pascual B.V.
129. Mid-Set Cogeneration Company
130. Midway-Sunset Cogeneration Company
131. Midwest Finance Corp.
132. Midwest Generation EME, LLC
133. Midwest Generation Procurement Services, LLC
134. Midwest Generation, LLC
135. Midwest Peaker Holdings, Inc.
136. Mission Bingham Lake Wind, LLC
137. Mission Community Wind North, Inc.
138. Mission CWN Holdings, Inc.
139. Mission de las Estrellas LLC
140. Mission Del Cielo Inc.
141. Mission del Sol, LLC
142. Mission Energy Construction Services, Inc.
143. Mission Energy Holdings International, Inc.
144. Mission Energy Wales Company
145. Mission Funding Zeta
146. Mission Iowa Wind Company
147. Mission Kern River Holdings, Inc.
148. Mission Midway-Sunset Holdings, Inc.
149. Mission Minnesota Wind II, Inc.
150. Mission Minnesota Wind III, Inc.
151. Mission Minnesota Wind, LLC
152. Mission Mountain Wind, LLC
153. Mission Procurement, LLC
154. Mission Sycamore Holdings, Inc.
155. Mission Watson Holdings, Inc.
156. Mission Wind Aurora Starlight, Inc.
157. Mission Wind Boquillas, Inc.
158. Mission Wind Broken Bow, LLC
159. Mission Wind Cedro, LLC
160. Mission Wind Crofton Bluffs, LLC
161. Mission Wind Goat Mountain, Inc.
162. Mission Wind Laredo, Inc.
163. Mission Wind Maine, Inc.
164. Mission Wind New Mexico II, Inc.
165. Mission Wind New Mexico, Inc.
166. Mission Wind Oklahoma, Inc.
167. Mission Wind Owaissa, Inc.
168. Mission Wind PA One, Inc.

169. Mission Wind PA Three, Inc.
170. Mission Wind PA Two, Inc.
171. Mission Wind Pennsylvania, Inc.
172. Mission Wind Pinnacle, Inc.
173. Mission Wind Southwest, Inc.
174. Mission Wind Terra Investments, LLC
175. Mission Wind Texas II, Inc.
176. Mission Wind Texas, Inc.
177. Mission Wind Utah, LLC
178. Mission Wind Wildorado, Inc.
179. Mission Wind Wyoming, LLC
180. Mountain Wind Power II, LLC
181. Mountain Wind Power, LLC
182. North Community Turbines, LLC
183. North Wind Turbines, LLC
184. Northern Lights Wind, LLC
185. Odin Wind Farm, LLC
186. Owaissa Wind, LLC
187. OWF Eight, LLC
188. OWF Five, LLC
189. OWF Four, LLC
190. OWF One, LLC
191. OWF Seven, LLC
192. OWF Six, LLC
193. OWF Three, LLC
194. OWF Two, LLC
195. Palo Alto County Wind Farm, LLC
196. Pinnacle Wind, LLC
197. Pioneer Ridge LLC
198. Pioneer Trail Wind, LLC
199. Pleasant Valley Energy Company
200. Poverty Ridge Wind, LLC
201. Power Beyond, LLC
202. Power Blades Windfarm, LLC
203. Salinas River Cogeneration Company
204. San Gabriel Energy Company
205. San Joaquin Energy Company
206. San Juan Energy Company
207. San Juan Mesa Investments, LLC
208. San Juan Mesa Wind Project, LLC
209. San Pascual Cogeneration Company (Philippines) Limited
210. San Pascual Cogeneration Company International B.V.
211. Sargent Canyon Cogeneration Company
212. Sierra Wind, LLC
213. Silver Lake Acres Wind Farm, LLC
214. Silverado Energy Company
215. Sleeping Bear, LLC
216. South Texas Wind, LLC
217. Southern Sierra Energy Company
218. Spanish Fork Wind Park 2, LLC
219. Stahl Wind Energy, LLC
220. Stony Hills Wind Farm, LLC
221. Storm Lake Power Partners I, LLC
222. Sunrise Power Company, LLC
223. Sunrise View Wind Farm, LLC
224. Sunset View Wind Farm, LLC

225. Sunshine Arizona Wind Energy, LLC
226. Sutton Wind Energy, LLC
227. Sycamore Cogeneration Company
228. TAIR Windfarm, LLC
229. Taloga Wind II, LLC
230. Taloga Wind, L.L.C.
231. Tapestry Wind, LLC
232. TG Windfarm, LLC
233. Tofteland Windfarm, LLC
234. Tower of Power, LLC
235. Valle Del Sol Energy, LLC
236. Viejo Energy Company
237. Viento Funding II, Inc.
238. Viento Funding, Inc.
239. Virgin Lake Wind Farm, LLC
240. Walnut Creek Energy, LLC
241. Walnut Creek II, LLC
242. Watson Cogeneration Company
243. WCEP Holdings, LLC
244. West Pipestone Transmission, LLC
245. West Transmission One, LLC
246. Western Sierra Energy Company
247. Westridge Windfarm, LLC
248. Whispering Wind Acres, LLC
249. White Caps Windfarm, LLC
250. Wildorado Interconnect, LLC
251. Wildorado Wind, LLC
252. Wilson Creek Power Partners, LLC
253. Wind Family Turbine, LLC
254. Windcurrent Farms, LLC
255. Windom Transmission, LLC
256. Zontos Wind, LLC

Exhibit 5.1

NRG Energy, Inc.
211 Carnegie Center
Princeton, NJ 08540

December 23, 2013

NRG Energy, Inc.
211 Carnegie Center
Princeton, NJ 08540

Ladies and Gentlemen:

I refer to the Registration Statement on Form S-1 (No. 333-191797), as amended (the "Registration Statement"), of NRG Energy, Inc., a Delaware corporation (the "Company"), originally filed with the Securities and Exchange Commission on October 18, 2013, for the registration under the Securities Act of 1933, as amended, of 12,671,977 shares of common stock, par value $0.01 per share, of the Company (the "Shares"). The Shares are to be issued in connection with the transactions contemplated by that certain Asset Purchase Agreement, dated as of October 18, 2013 (the "Asset Purchase Agreement"), by and among the Company, Edison Mission Energy, and NRG Energy Holdings Inc.

I have examined the Registration Statement and such records, certificates and documents as I have deemed necessary or appropriate for the purposes of this opinion. In all such examinations, I have assumed the genuineness of signatures on original documents and the conformity to such original documents of all copies submitted to me as certified, conformed or photographic copies, and as to certificates of public officials, I have assumed the same to have been properly given and to be accurate. As to matters of fact material to this opinion, I have relied upon statements and representations of representatives of the Company and of public officials.

Based on and subject to the foregoing, it is my opinion that:

1. The Company is duly organized, validly existing and in good standing under the laws of the State of Delaware; and

2. The issuance of the Shares has been duly authorized and, when issued pursuant to the Asset Purchase Agreement, the Shares will be duly and validly issued, fully paid and non-assessable.

I hereby consent to filing of this opinion as an exhibit to the Registration Statement and to the reference to my name under the caption "Legal Matters" in the Registration Statement.

Very truly yours,

/s/ David R. Hill

David R. Hill
Executive Vice President and General Counsel

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

The Board of Directors
NRG Energy, Inc.:

We consent to the use of our reports dated February 27, 2013 with respect to the consolidated balance sheets of NRG Energy, Inc. and subsidiaries as of December 31, 2012 and 2011, and the related consolidated statements of operations, comprehensive income/(loss), cash flows, and stockholders' equity for each of the years in the three-year period ended December 31, 2012, the related financial statement schedule, and the effectiveness of internal control over financial reporting as of December 31, 2012 incorporated by reference herein and to the reference to our firm under the heading "Experts" in this registration statement.

/s/ KPMG LLP

Philadelphia, Pennsylvania
December 23, 2013

Exhibit 23.2

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the use in this Registration Statement on Form S-1 of NRG Energy, Inc. of our report dated March 15, 2013 relating to the financial statements of Edison Mission Energy, which appears in such Registration Statement. We also consent to the reference to us under the heading "Experts" in such Registration Statement.

/s/ PricewaterhouseCoopers LLP
Los Angeles, California
December 24, 2013

Exhibit 23.4

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the use in this Registration Statement on Form S-1 of NRG Energy, Inc. of our report dated March 15, 2013 relating to the financial statements of Midwest Generation, LLC, which appears in such Registration Statement. We also consent to the reference to us under the heading "Experts" in such Registration Statement.

/s/ PricewaterhouseCoopers LLP
Los Angeles, California
December 24, 2013