

UNITED STATES BANKRUPTCY COURT  
NORTHERN DISTRICT OF ILLINOIS  
EASTERN DIVISION

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

**DECLARATION OF CARSTEN WOERN IN SUPPORT OF DEBTORS’  
MOTION TO APPROVE (I) ENTRY INTO PLAN SPONSOR AGREEMENT,  
(II) SPONSOR PROTECTIONS AND (III) RELATED RELIEF**

I, Carsten Woerhn, state the following under penalty of perjury.

1. I submit this declaration in support of the *Debtors’ Motion to Approve (I) Entry into Plan Sponsor Agreement, (II) Sponsor Protections, and (III) Related Relief* (the “Motion”), filed by Edison Mission Energy (“EME”) and its affiliated debtors in the above-captioned chapter 11 cases (the “Debtors”).

2. Unless otherwise stated, all facts set forth in this declaration are based on my personal knowledge, the conduct of J.P. Morgan Securities LLC (“J.P. Morgan”) in rendering services to the Debtors, information supplied by other professionals and individuals that report to me, my familiarity with the Debtors’ businesses and financial affairs, and my review of relevant

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<sup>1</sup> 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 Energy Fuel Services, LLC (4630); Edison Mission Fuel Resources, Inc. (3014); Edison Mission Fuel Transportation, Inc. (3012); Edison Mission Holdings Co. (6940); Edison Mission Finance Co. (9202); 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.

documents. I am over the age of 18 and duly authorized to make this declaration. If called to testify to the matters set forth below, I could and would testify competently thereto.

**Background and Qualifications**

3. I am a Managing Director of J.P. Morgan, an investment banker and financial advisor to the Debtors. J.P. Morgan is a wholly owned subsidiary of JPMorgan Chase & Co. (“JPMorgan Chase”), a financial holding company and one of the largest banking institutions in the world. J.P. Morgan is a full-service investment banking firm that provides a broad range of investment and financial advisory services to its clients. Among other things, J.P. Morgan provides services relating to: (a) general financial advice; (b) commercial and investment banking products and services; (c) securities trading and brokerage activities; and (d) corporate strategy and structure. J.P. Morgan’s clients include corporations, financial institutions, state and local governments, and institutional investors.

4. Like many professionals at J.P. Morgan, I have extensive experience in advising on, structuring, and managing sales of businesses, business units, and business assets, including many transactions involving power and utility-related assets. I have significant M&A experience, including advising buyers and sellers in out-of-court transactions and in chapter 11 proceedings.

5. Since joining J.P. Morgan in 2000, I have advised companies in numerous M&A transactions. Before 2000, I attended Ecole Européenne des Affaires de Paris in Paris, Oxford and Berlin, and studied business.

6. I have worked closely with the Debtors since June 2013, when J.P. Morgan was hired as an advisor to assist in marketing EME’s and its subsidiaries’ businesses for sale. In addition, over the course of several years before being retained in these chapter 11 cases, J.P. Morgan performed various other services for the Debtors related to one or more potential asset

sales. Since being retained in these chapter 11 cases, I (together with other J.P. Morgan and Perella Weinberg Partners professionals) have advised the Debtors on all aspects of their marketing and sale processes and the currently proposed transaction sponsored by NRG Energy, Inc. (“NRG”).

### **The Marketing and Sale Process**

7. The Debtors have invested significant time and effort in a formal marketing process to solicit proposals for a sale of substantially all of their assets. On August 1, 2013, the Debtors, with the assistance of J.P. Morgan and their other advisors, launched the sale process. J.P. Morgan contacted and provided “teaser” information to 333 potentially interested parties. Seventy-six parties subsequently executed confidentiality agreements, received confidential information memoranda including detailed overviews of the businesses of EME and its Debtor and non-Debtor subsidiaries, and were granted access to certain diligence materials. Of these 76 parties, 29 parties submitted indicative bids on or about the initial bid deadline established by the Debtors as October 10, 2013. Initial indications of interest included proposals for substantially all of the Debtors’ assets, as well as indications of proposals for certain assets. J.P. Morgan, the Debtors, and their other advisors have evaluated, and continue to evaluate, each such proposal, and will continue to explore whether higher and better offers exist.

### **The Plan Sponsor Agreement**

8. On September 9, 2013, NRG submitted an initial bid consisting of a summary term sheet outlining the overall transaction described in the Motion. In the weeks since receiving NRG’s proposal, the Debtors and their advisors analyzed, engaged in discussions, and ultimately negotiated the transaction with NRG in an effort to maximize the value of the Debtors’ estates. At the same time, J.P. Morgan continued its marketing efforts, and, as noted above, the Debtors

received 29 bids for substantially all or certain of the Debtors' assets on or about the initial bid deadline.

9. After evaluating the indications of interest, comparing such indications of interest to the NRG transaction, and successfully negotiating mutually acceptable terms and documentation with NRG, the Debtors, in consultation and collaboration with their major stakeholders, determined that it was in their best interests to proceed with the NRG proposal and enter into the plan sponsor agreement. On October 18, 2013, the Debtors, NRG, the Committee, certain holders of EME's senior unsecured notes, and the PoJo Parties (as such term is defined in the Motion) executed the proposed plan sponsor agreement.

10. Subject to confirmation of a chapter 11 plan and certain limited conditions, the NRG transaction contemplates an aggregate purchase price of \$2.635 billion, comprised of \$2.285 billion in cash and \$350 million in common stock of NRG, subject to certain adjustments. The NRG transaction is not contingent on any due diligence. Moreover, the NRG transaction contemplates an assumption of the Powerton and Joliet leveraged lease and payment in full of all perfected claims.

11. Importantly, the NRG purchase agreement contemplates a completely unfettered "go-shop," so J.P. Morgan can continue its sale process through December 6, 2013, to explore higher and better offers. I believe that the "go-shop" feature affords the Debtors the opportunity to determine if there are any higher and better offers and thereby ensure to all stakeholders that maximum value is achieved in these chapter 11 cases.

12. In the face of the Debtors' ongoing sale process and the near total lack of confidentiality associated with NRG's bid, it is not surprising that the purchase agreement provides for certain "sponsor protections" that are the result of extensive, arm's length

negotiations. Given the significant time, expense, and effort NRG has already dedicated to reaching an agreement with the Debtors, as well as the fact that NRG's proposal is subject to higher and better offers, NRG has conditioned its plan sponsorship commitment on approval of: (a) payment of a break-up fee in the amount of \$65 million in the event the plan sponsor agreement is terminated for certain reasons; and (b) reimbursement of expenses (including attorney fees) that NRG incurs in connection with the transactions contemplated by the plan sponsor agreement.

13. I understand that the break-up fee (which represents approximately 2.47% of the aggregate purchase price) is a necessary inducement to obtain NRG's commitment, including the full and complete "go-shop" feature in the purchase agreement. I also understand that, if approved, NRG will only receive the plan sponsor protections in limited circumstances (e.g., if the Debtors abandon the NRG proposal in favor of a superior proposal), and that non-approval of the break-up fee would give rise to a termination right for NRG and may result in the estate's loss of NRG's valuable plan sponsorship proposal. I believe that the break-up fee and expense reimbursement are reasonable and customary given the size and type of this transaction, do not unduly hamper the likelihood of competing proposals, and are necessary to achieve the best restructuring alternative in these chapter 11 cases. For these reasons, I believe the plan sponsor protections are appropriate under the circumstances.

14. I further believe that entering into the plan sponsor agreement and the agreements attached as exhibits thereto is a sound exercise of the Debtors' business judgment, including the provision of the sponsor protections, secures a viable and value-maximizing restructuring alternative, and represents the best path toward maximizing value in these chapter 11 cases on an expedited basis. I also understand that each of the Debtors' major creditor constituencies has

agreed to support the NRG transaction. Court approval of the Debtors' entry into the plan sponsor agreement "locks in" what I believe is a value-maximizing alternative; at the same time, and in return for the plan sponsor protections, the Debtors have negotiated for the flexibility to pursue alternative transactions that may be in the best interests of the Debtors' estates.

15. I believe that, at this time, the NRG transaction represents the best available opportunity to maximize value. Accordingly, I believe that entering into the plan sponsor agreement is appropriate.

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing is true and correct.

Executed on October 18, 2013

By: /s/ Carsten Woehn  
Carsten Woehn  
Managing Director  
J.P. Morgan Securities LLC