

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF ILLINOIS
Eastern Division

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|--------------------------------|---|--------------------------|
| In Re: |) | BK No.: 12-49219 |
| EDISON MISSION ENERGY, et al., |) | (Jointly Administered) |
| |) | Chapter: 11 |
| |) | Honorable Jacqueline Cox |
| |) | |
| Debtor(s) |) | |

**[INTERIM] ORDER AUTHORIZING THE DEBTORS TO IMPLEMENT
INCENTIVE PLANS FOR NON-INSIDER EMPLOYEES**

Upon the motion (the “Motion”) of the above-captioned debtors and debtors in possession (collectively, the “Debtors”) for entry of an order (this “Order”) (a) approving and authorizing the Debtors’ EME Plan, the 2012 EME Plan Overtime Payments, the Union Plan, the Long-Term Incentive Plan, the Key Contributor Plan, and the Retention Agreements (collectively, the “Employee Incentive Programs”) and (b) authorizing but not directing the Debtors to make certain payments to certain senior management employees under the Executive Incentive Programs, all as more fully set forth in the Motion; and upon the First Day Declaration; and the Court having found that the Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334; and the Court having found that this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2); and the Court having found that venue of this proceeding and the Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and the Court having found that the relief requested in the Motion is in the best interests of the Debtors’ estates, their creditors, and other parties in interest; and the Court having found that the Debtors provided appropriate notice of the Motion and the opportunity for a hearing on the Motion under the circumstances; and the Court having reviewed the Motion and having heard the statements in support of the relief requested therein at a hearing before the Court (the “Hearing”); and the Court having determined that the legal and factual bases set forth in the Motion and at the Hearing establish just cause for the relief granted herein; and upon all of the proceedings had before the Court; and after due deliberation and sufficient cause appearing therefor, it is HEREBY ORDERED THAT:

1. The Motion is granted as set forth herein; provided, however, that the relief requested in the Motion will not apply to the Debtors’ employees in salary band “E” until further order of the Court. Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Motion.

2. The Employee Incentive Programs, including the Key Contributor Plan and the Retention Agreements, are approved to the extent set forth herein.

3. The Debtors are authorized but not directed to implement the Employee Incentive Programs including, but not limited to, the EME Plan, the 2012 EME Plan Overtime Payments, the Union Plan, the Long-Term Incentive Plan, the Key Contributor Plan, and the Retention Agreements, on a postpetition basis, in the ordinary course of business, in accordance with the Debtors’ prepetition policies and practices, and, in the Debtors’ discretion, to pay and honor prepetition amounts related thereto; provided, however, the Debtors are only authorized to make payments under Employee Incentive Programs at the “target” level of performance in accordance with the applicable Employee Incentive Program; provided, further, that payments under the applicable Employee Incentive Program

at the “threshold” and “stretch” levels of performance shall not be authorized absent further order of the Court.

4. The Debtors are hereby authorized, but not directed, to implement the Key Contributor Plan; provided, however, that the Debtors shall notify counsel to the official committee of unsecured creditors (the “Committee”) of any payments to be made under the Key Contributor Plan. Upon receipt of such notice, the Committee shall have five (5) calendar days to notify the Debtors of any objection to the proposed payment under the Key Contributor Plan. If the Committee informs the Debtors that it has no objection or if the Committee fails to notify the Debtors of any objection within five (5) calendar days, the Debtors may make the proposed payment under the Key Contributor Plan. If the Committee does object, the Debtors and the Committee shall have three (3) calendar days to resolve the dispute. If the dispute remains unresolved after such three-day period, the Committee may file an objection with the Court (within five (5) days thereafter) and the dispute shall be resolved at the next scheduled omnibus hearing.

5. In accordance with this Order and any other order of this Court, each of the financial institutions at which the Debtors maintain their accounts relating to the payment of the obligations described in the Motion is directed to receive, process, honor, and pay any and all checks, drafts, wire transfers, and automated clearing house transfers issued, whether before or after the Petition Date, for payment of obligations described in the Motion to the extent that sufficient funds are on deposit in such amounts.

6. The Debtors are authorized to issue postpetition checks, or to effect postpetition wire transfer requests, in replacement of any checks or wire transfer requests in respect of payments of prepetition obligations described in the Motion that are dishonored or rejected.

7. All postpetition payments from a Debtor to another Debtor are hereby accorded superpriority administrative expense status and shall have priority over any administrative claims that arise under section 503(b) of the Bankruptcy Code in accordance with the Court’s order approving continued use of the Debtors’ cash management system.

8. The requirements set forth in Bankruptcy Rule 6003(b) are satisfied by the contents of the Motion.

9. Notice of the Motion as provided therein shall be deemed good and sufficient notice of such Motion and the requirements of Bankruptcy Rule 6004(a) and the Local Rules of the United States Bankruptcy Court for the Northern District of Illinois are satisfied by such notice.

10. Notwithstanding Bankruptcy Rule 6004(h), the terms and conditions of this Order shall be immediately effective and enforceable upon its entry.

11. Notwithstanding the relief granted in this Order and any actions taken pursuant to such relief, nothing in this Order shall be deemed: (a) an admission as to the validity of any claim against a Debtor entity; (b) a waiver of the Debtors’ right to dispute any claim on any grounds; (c) a promise or requirement to pay any claim; (d) an implication or admission that any particular claim is of a type specified or defined in this Order or the Motion; (e) a request or authorization to assume any agreement, contract, or lease pursuant to section 365 of the Bankruptcy Code; or (f) a waiver of the Debtors’ rights under the Bankruptcy Code or any other applicable law.

12. The Debtors are authorized to take all actions necessary to effectuate the relief granted pursuant to Order in accordance with the Motion.

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

Enter:

Jacqueline P. Cox

J. Cox

United States Bankruptcy Judge

Dated: **17 JAN 2013**

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