

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF ILLINOIS
Eastern Division

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

**ORDER AUTHORIZING EMPLOYMENT AND RETENTION
OF KIRKLAND & ELLIS LLP AS ATTORNEYS FOR DEBTORS
AND DEBTORS IN POSSESSION NUNC PRO TUNC TO THE PETITION DATE**

Upon the application (the "Application") of the above-captioned debtors and debtors in possession, other than debtor Camino Energy Company (collectively, the "Debtors"), for entry of an order (this "Order") authorizing the Debtors to employ and retain Kirkland & Ellis LLP ("K&E") as their restructuring counsel effective as of the date the Debtors filed their chapter 11 petitions, all as more fully set forth in the Application; and upon the First Day Declaration; and upon the Declaration of David R. Seligman, P.C. in support of the Application; 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 Application 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 Application 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 Application and the opportunity for a hearing on the Application under the circumstances; and the Court having reviewed the Application and having heard the statements in support of the relief requested therein at a hearing before the Court; and the Court having determined that the legal and factual bases set forth in the Application 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 Application is granted nunc pro tunc to the Petition Date. Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Application.
2. The Debtors other than debtor Camino Energy Company are authorized to employ and retain K&E as their attorneys in accordance with the terms and conditions set forth in that certain engagement letter attached hereto as Exhibit 1 (the "Engagement Letter").
3. K&E is authorized to render professional services to the Debtors as described in the Engagement Letter. K&E will provide various legal services, including, without limitation:
 - a. advising the Debtors with respect to their powers and duties as debtors in possession in the continued management and operation of their business and properties;
 - b. advising and consulting on the conduct of these chapter 11 cases, including all of the legal and administrative requirements of operating in chapter 11;
 - c. attending meetings and negotiating with representatives of the creditors and other parties in

interest;

d. taking all necessary action to protect and preserve the Debtors' estates, including prosecuting actions on the Debtors' behalf, defending any action commenced against the Debtors and representing the Debtors' interests in negotiations concerning litigation in which the Debtors are involved, including objections to claims filed against the Debtors' estates;

e. preparing all pleadings, including motions, applications, answers, orders, reports and papers necessary or otherwise beneficial to the administration of the Debtors' estates;

f. representing the Debtors in connection with obtaining postpetition financing;

g. advising the Debtors in connection with any potential sale of their assets or business;

h. appearing before the Court and any appellate courts to represent the interests of the Debtors' estates;

i. consulting with the Debtors regarding tax, environmental, employment, pension, real estate, and other matters;

j. taking any necessary action on behalf of the Debtors to negotiate, prepare on behalf of the Debtors and obtain approval of a chapter 11 plan and all documents related thereto; and

k. performing all other necessary or otherwise beneficial legal services for the Debtors in connection with the prosecution of these chapter 11 cases, including (i) analyzing the Debtors' leases and contracts and the assumptions, rejections or assignments thereof, (ii) analyzing the validity of liens against the Debtors and (iii) advising the Debtors on corporate and litigation matters.

4. K&E shall apply for compensation for professional services rendered and reimbursement of expenses incurred in connection with the Debtors' chapter 11 cases in compliance with the applicable Bankruptcy Code provisions, including section 330(a) of the Bankruptcy Code, the Bankruptcy Rules, the Local Rules, guidelines established by the Office of the U.S. Trustee, and any other applicable procedures and orders of the Court.

5. Nothing in this Order shall be deemed a determination or waiver of any party's rights or arguments with respect to the allocation, if any, among the Debtors of the obligations to pay the fees and expenses of K&E, and all such rights are reserved.

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

7. The Debtors are authorized to take all actions necessary to effectuate the relief granted pursuant to this Order in accordance with the Application.

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

Enter:

Jacqueline P. Cox
J. Cox

United States Bankruptcy Judge

17 JAN 2013

Dated:

Prepared by:

James H.M. Sprayregen, P.C.
David R. Seligman, P.C.
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- and -

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Proposed Counsel to the Debtors
and Debtors in Possession
Other than Camino Energy Company

- and -

David A. Agay
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300 North LaSalle
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Proposed Counsel to Debtor Camino Energy Company
and Conflicts Counsel to the other Debtors
and Debtors in Possession

EXHIBIT 1

Engagement Letter

KIRKLAND & ELLIS LLP

AND AFFILIATED PARTNERSHIPS

300 North LaSalle Street
Chicago, Illinois 60654

David R. Seligman
To Call Writer Directly:
(312) 862-2463
david.seligman@kirkland.com

(312) 862-2000

www.kirkland.com

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(312) 862-2200

December 7, 2011

Daniel D. McDevitt
Edison Mission Energy
18101 Von Karman Avenue
Suite 1700
Irvine, CA 92612

Re: Retention to Provide Legal Services

Dear Dan:

We are very pleased that you have asked us to represent Edison Mission Energy ("EME", "you", "your" or the "Company") in connection with a potential restructuring. Please note, the Firm's representation is only of the Company; the Firm does not and will not represent any shareholder, director, officer, partner, or joint venturer of the Company, except as otherwise specifically provided herein or by subsequent agreement.

General Terms. This retention letter (the "Agreement") sets forth the terms of your retention of Kirkland & Ellis LLP and Kirkland & Ellis International LLP (collectively "K&E LLP" or the "Firm") to provide legal services and constitutes an agreement between us. The Agreement sets forth our entire agreement for rendering professional services for the current matter, as well as for all other existing or future matters, except where we otherwise agree in writing (e.g., by signing a different retention letter).

Fees. The Firm will bill the Company for fees incurred at its regular hourly rates and in quarterly increments of an hour (or in smaller time increments otherwise required by a court). We reserve the right to adjust the Firm's billing rates from time to time in the ordinary course of the Firm's representation of the Company.

Although we will attempt to estimate fees to assist you in your planning if requested, such estimates are subject to change and are not binding unless otherwise expressly and unequivocally stated in writing.

Expenses. Expenses related to providing services shall be included in our statements as disbursements advanced by us on your behalf. Such expenses include photocopying, printing, scanning, witness fees, travel expenses, filing and recording fees, certain secretarial overtime, and other overtime expenses, postage, express mail, and messenger charges, deposition costs, computerized legal research charges, and other computer services, and miscellaneous other charges. Our clients pay directly (and are solely responsible for) certain larger costs, such as

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consultant or expert witness fees and expenses, and outside suppliers or contractors' charges. By executing this Agreement below, you agree to pay for all charges in accordance with the K&E LLP's schedule of charges, a copy of which is attached hereto at Schedule 1, as revised from time to time.

Billing Procedures. Our statements for fees and expenses are typically rendered monthly and, unless other arrangements are made, payment in full is due upon receipt. We may adjust our billing cycle upon agreement with you. You may have the billing statement in any reasonable format you choose, but we will select an initial format for the statement unless you otherwise request in writing. Depending on the circumstances, however, estimated or summary bills may be provided during certain billing cycles, with supporting time descriptions and expense summaries to follow thereafter.

Retainer. The Company will provide to the Firm, a "classic retainer" in the amount of US \$250,000 as defined in *In re Production Associates, Ltd.*, 264 B.R. 180, 184 85 (Bankr. N.D. Ill. 2001), and *In re McDonald Bros. Construction, Inc.*, 114 B.R. 989, 997 99 (Bankr. N.D. Ill. 1990). As such, the classic retainer was earned by the Firm upon receipt. The initial amount of the classic retainer was set to approximate our estimate of fees and expenses expected to be accrued and unpaid by the Company between payment cycles. The Firm's estimate of expected fees and expenses may change based upon actual or expected fees and expenses incurred or expected to be incurred, as applicable. Further, the Company agrees to replenish the classic retainer upon receiving invoices from the Firm so that the classic retainer amount remains at or above the Firm's estimated fees and expenses expected to be accrued and unpaid by the Company between payment cycles.

The classic retainer will be placed into K&E LLP's general cash account, will not be held in a separate account on your behalf, and you will not receive any interest on these monies. You have no interest in the classic retainer. This amount does not constitute a security deposit.

Termination. Our retention may be terminated by either of us at any time by written notice by or to you. Our representation will end at the earliest of (a) your termination of our representation, (b) our withdrawal, and (c) the substantial completion of our substantive work. We normally do not withdraw from a representation unless the client misrepresents or fails to disclose material facts, fails to pay fees or expenses, or makes it unethical or unreasonably difficult for us to continue to represent the client, or unless other just cause exists. If permission for withdrawal is required by a court, we shall apply promptly for such permission, and termination shall coincide with the court order for withdrawal. If this Agreement or our services are terminated for any reason, such termination shall be effective only to terminate our services prospectively and all the other terms of this Agreement shall survive any such termination.

Upon cessation of our active involvement in a particular matter (even if we continue active involvement in other matters on your behalf), we will have no further duty to inform you of future developments or changes in law as may be relevant to such matter. Further, unless you and we mutually agree in writing to the contrary, we will have no obligation to monitor renewal

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or notice dates or similar deadlines that may arise from the matters for which we had been retained.

Cell Phone and E-Mail Communication. K&E LLP hereby informs you and you hereby acknowledge that K&E LLP's attorneys sometimes communicate with their clients and their clients' professionals and agents by cell telephone, that such communications are capable of being intercepted by others and therefore may be deemed no longer protected by the attorney-client privilege, and that you must inform K&E LLP if you do not wish K&E LLP to discuss privileged matters on cell telephones with you or your professionals or agents.

K&E LLP hereby informs you and you hereby acknowledge that K&E LLP's attorneys sometimes communicate with their clients and their clients' professionals and agents by unencrypted e-mail, that such communications are capable of being intercepted by others and therefore may be deemed no longer protected by the attorney-client privilege, and that you must inform K&E LLP if you wish to institute a system to encode all e-mail between K&E LLP and you or your professionals or agents.

File Retention. All records and files will be retained and disposed of in compliance with our policy in effect from time to time. Subject to future changes, it is our current policy generally not to retain records relating to a matter for more than five years. Upon your prior written request, we will return client records to you prior to their destruction. It is not administratively feasible for us to advise you of the closing of a matter or the disposal of records. We recommend, therefore, that you maintain your own files for reference or submit a written request for your client files promptly upon conclusion of a matter.

Conflicts of Interest. As is customary for a law firm of our size, there are numerous business entities, with which you currently have relationships, that K&E LLP has represented, currently represents, or may in the future represent, in matters unrelated to you (collectively, the "Interested Parties"). Because you are engaged in activities (and may in the future engage in additional activities) in which your interests may diverge from those of the Interested Parties or our other clients, the possibility exists that the Interested Parties or one of our clients may take positions adverse to you.

Further, in undertaking our representation of the Company, we want to be fair not only to its interests but also to those of our other clients. Because the Company is engaged in activities (and may in the future engage in additional activities) in which its interests may diverge from those of our other clients, the possibility exists that one of our current or future clients may take positions adverse to the Company (including litigation or other dispute resolution mechanisms) in a matter in which K&E LLP may be retained. In the event a present conflict of interest exists between the Company and our other clients or in the event one arises in the future, the Company agrees to waive any such conflict of interest or other objection that would preclude our representation of another client in other current or future matters (including in litigation, arbitration or other dispute resolution mechanism) substantially unrelated to this representation of the Company. The Company also agrees that our representation is solely of the Company and

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that no member or other entity or person related to it (such as directors, officers or employees) has the status of a client for conflict of interest purposes.

In addition, we currently have clients and expect in the future will have additional clients who, from time to time, have asked or will ask us to represent them in matters involving or relating to AMR Corporation, its affiliates, subsidiaries or related parties (collectively, "American"), including American and/or clients who may have claims (including litigation and arbitration matters) against American or wish to participate as bidders, buyers or investors with respect to certain assets, securities or businesses of or related to American. In such case, we may in our judgment establish appropriate screening procedures or other types of protocols to ensure that there is no disclosure of confidential information concerning American between attorneys. Notwithstanding anything in this letter to the contrary, you agree to waive prospectively any actual or perceived conflict of interest or other objection that would preclude our current or future representation of another client(s) (including American) with respect or related to American. Such waiver will, for the avoidance of doubt, include engagements where another client has asked us to represent it in current matters related to those described in this engagement letter.

Restructuring Cases. If it becomes necessary for you to commence a restructuring case under chapter 11 of the U.S. Bankruptcy Code ("Restructuring Case"), our ongoing employment by you will be subject to the approval of the court with jurisdiction over the petition. If necessary, K&E LLP will take steps necessary to prepare the disclosure materials required in connection with K&E LLP's retention as lead restructuring counsel. In the near term, K&E LLP will begin conflicts checks on potentially interested parties as provided by you.

If necessary, we will prepare a preliminary draft of a schedule describing K&E LLP's relationships with certain interested parties (the "Disclosure Schedule"). We will give you a draft of the Disclosure Schedule once it is available. Although K&E LLP believes that these relationships do not constitute actual conflicts of interest, these relationships must be described and disclosed in your application to the court to retain K&E LLP.

If actual conflicts of interest arise in the Company's restructuring cases, the Company will be required to use separate conflicts counsel in those matters, and the Firm will not participate in those matters.

No Guarantee of Success. It is impossible to provide any promise or guarantee about the outcome of your matters. Nothing in this Agreement or any statement by our staff or attorneys constitutes a promise or guarantee. Any comments about the outcome of your matter are simply expressions of judgment and are not binding on us.

Consent to Use of Information. In connection with future materials that, for marketing purposes, describe facets of our law practice and recite examples of matters we handle on behalf of clients, you agree that, if those materials avoid disclosing your confidences and secrets as defined by applicable ethical rules, they may identify you as a client, may contain factual synopses of your matters, and may indicate generally the results achieved.

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Reimbursement of Expenses. You agree promptly to reimburse us for all fees and expenses, including the amount of K&E LLP's attorney and paralegal time at normal billing rates, as incurred by us in connection with participating in, preparing for, or responding to any action, claim, suit or proceeding brought by or against any third-party that relates to the legal services provided by us under the Agreement. Without limiting the scope of the foregoing, and by way of example only, this paragraph extends to all such fees and expenses incurred by us in responding to document subpoenas, and preparing for and testifying at depositions and trials.

LLP. Kirkland & Ellis LLP is a limited liability partnership organized under the laws of Illinois, and Kirkland & Ellis International LLP is a limited liability partnership organized under the laws of Delaware. Pursuant to those statutory provisions, an obligation incurred by a limited liability partnership, whether arising in tort, contract or otherwise, is solely the obligation of the limited liability partnership, and partners are not personally liable, directly or indirectly, by way of indemnification, contribution, assessment or otherwise, for such obligation solely by reason of being or so acting as a partner.

Miscellaneous. This Agreement sets forth our entire agreement for rendering professional services. It can be amended or modified only in writing and not orally or by course of conduct. Each party signing below is jointly and severally responsible for all obligations due us and represents that each has full authority to execute this Agreement so that it is binding. This Agreement may be signed in one or more counterparts and binds each party countersigning below, whether or not any other proposed signatory ever executes it. If any provision of this Agreement or the application thereof is held invalid or unenforceable, the invalidity or unenforceability shall not affect other provisions or applications of this Agreement which can be given effect without such provisions or application, and to this end the provisions of this Agreement are declared to be severable.

We are not advising you with respect to this Agreement because we would have a conflict of interest in doing so. If you wish advice, you should consult independent counsel of your choice.

* * *

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Please confirm your agreement with the arrangements described in this letter by signing below and returning it to me via facsimile or electronic mail.

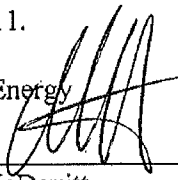
Very truly yours,

KIRKLAND & ELLIS LLP

By: David R. Seligman P.C.
Name: David R. Seligman P.C.

Agreed and accepted this 7th day of December, 2011.

Edison Mission Energy

By: 
Name: Daniel McDevitt
Title: VP : General Counsel

Schedule I

KIRKLAND & ELLIS LLP

CLIENT-REIMBURSABLE EXPENSES AND OTHER CHARGES

Effective 1/1/11

The following outlines Kirkland & Ellis's ("K&E LLP") policies and standard charges for various services performed by K&E LLP and/or by other third parties on behalf of the client which are often ancillary to our legal services. Services provided by in-house K&E LLP personnel are for the convenience of our clients. Given that these services are often ancillary to our legal services, in certain instances, it may be appropriate and/or more cost efficient for these services to be outsourced to a third-party vendor. If services are provided beyond those outlined below, pricing will be based on the K&E LLP's approximate cost and/or comparable market pricing.

- **Duplicating, Reprographics and Printing:** The following list details the K&E LLP's charges for duplicating, reprographics and printing services:
 - Black and White Copy or Print (all sizes of paper):
 - \$0.15 per impression for all U.S. offices
 - €0.10 per impression in Munich
 - £0.15 per impression in London
 - HK\$1.00 per impression in Hong Kong
 - RMB1.00 per impression in Shanghai
 - Color Copy or Print (all sizes of paper):
 - \$0.50 per impression
 - Scanned Images:
 - \$0.15 per page for black and white or color scans
 - Other Services:
 - CD/DVD Duplicating or Mastering - \$7/\$10 per CD/DVD
 - Binding - \$0.70 per binding
 - Large or specialized binders - \$14.50/\$23
 - Labels and Tabs - \$0.03 - \$0.10 per item based on service
 - OCR/File Conversion - \$0.03 per page
 - Production Blowbacks - \$0.10 per page for electronic batch printing over 500 pages
- **Secretarial and Word Processing:** Clients are not charged for secretarial and word processing activities incurred on their matters during standard business hours.
- **Overtime Charges:** Clients will be charged for overtime costs for secretarial and word processing work if either (i) the client has specifically requested the after-hours work or (ii) the nature of the work being done for the client necessitates

out-of-hours overtime and such work could not have been done during normal working hours. If these conditions are satisfied, costs for related overtime meals and transportation will also be charged.

- **Travel Expenses:** We charge clients our out-of-pocket costs for travel expenses including associated travel agency fees. We charge coach fares (business class for international flights) unless the client has approved first-class or an upgrade. K&E LLP personnel are instructed to incur only reasonable airfare, hotel and meal expenses. K&E LLP negotiates, uses, and passes along volume discount hotel and air rates whenever practicable. However, certain retrospective rebates may not be passed along.
- **Communication Expenses:** We do not charge clients for telephone calls or faxes made from K&E LLP's offices with the exception of third-party conference calls and videoconferences.

Charges incurred for conference calls, videoconferences, cellular telephones, and calls made from other third-party locations will be charged to the client at the actual cost incurred. Further, other telecommunication expenses incurred at third-party locations (e.g., phone lines at trial sites, Internet access, etc.) will be charged to the client at the actual cost incurred.

- **Overnight Delivery/Postage:** We charge clients for the actual cost of overnight and special delivery (e.g., Express Mail, FedEx, and DHL), and U.S. postage for materials mailed on the client's behalf. K&E LLP negotiates, uses, and passes along volume discount rates whenever practicable.
- **Messengers:** We charge clients for the actual cost of a third party vendor messenger. Where a K&E LLP in-house messenger is used, we charge clients a standard transaction charge plus applicable cab fare.
- **Computerized Research Services:** Client charges are limited to K&E LLP's actual third-party costs and do not include any surcharges for related overhead. K&E LLP negotiates, uses, and passes along volume discount rates whenever practicable. As discounts are customarily based on overall volume, the amount of the discount may vary from month to month.
- **Off-Site Legal Files Storage:** Clients are not charged for off-site storage of files unless the storage charge is approved in advance.
- **Electronic Data Storage:** K&E LLP will not charge clients for costs to store electronic data and files related to cases on K&E LLP's systems if the data stored does not exceed 250 gigabytes (GB). If the data stored for a specific client exceeds 250GB, K&E LLP will charge clients \$1.25 per month/per GB until the data is either returned to the client or properly disposed of.

- **Document Procurement:** Our standard client charge for document retrieval when a K&E LLP library employee obtains a document from an outside source is \$25 per document. There is no client charge for retrieving documents from K&E LLP libraries in other cities or from other collections when the document is part of the K&E LLP collection but unavailable.
- **Calendar Court Services:** Our standard charge is \$25 for a court filing and other court services or transactions.
- **Library and Business/Industry Research Services:** Research specialists perform computerized research services at the request of attorneys, and clients are charged per hour for these services.
- **Supplies:** There is no client charge for standard office supplies. Clients are charged for special items (e.g., a minute book, exhibit tabs/indexes/dividers, binding, etc.) and then at K&E LLP's actual cost.
- **Contract Attorneys and Contract Non-Attorney Billers:** If there is a need to utilize a contract attorney or contract non-attorney on a client engagement, clients will be charged a standard hourly rate for these billers unless other specific billing arrangements are agreed between K&E LLP and client.
- **Expert Witnesses, Experts of Other Types, and Other Third Party Consultants:** If there is a need to utilize an expert witness, expert of other type, or other third party consultant such as accountants, investment bankers, academicians, other attorneys, etc. on a client engagement, clients will be requested to retain or pay these individuals directly unless specific billing arrangements are agreed between K&E LLP and client.
- **Third Party Expenditures:** Third party expenditures (e.g., corporate document and lien searches, lease of office space at Trial location, IT equipment rental, SEC and regulatory filings, etc.) incurred on behalf of a client, will be passed through to the client at actual cost. If the invoice exceeds \$50,000, it is K&E LLP's policy that wherever possible such charges will be directly billed to the client. In those circumstances where this is not possible, K&E LLP will seek reimbursement from our client prior to paying the vendor.

Unless otherwise noted, charges billed in foreign currencies are determined annually based on current U.S. charges at an appropriate exchange rate.