



B #:	2154-14
Date:	October 31, 2014
To:	All Participants
Category:	Dividends
From:	Tax Reporting Service
Attention:	Managing Partner/Officer, Cashier, Dividend Mgr., Tax Mgr.
Subject:	Important Tax Information EME Reorganization Trust CUSIP: 268684107 Record Date: 10/24/14 Payable Date: 10/31/14

The Depository Trust Company received the attached correspondence containing Tax Information. If applicable, please consult your tax advisor to ensure proper treatment of this event.

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Non-Confidential

To: The Depository Trust and Clearing Corporation

Re: EME Reorganization Trust; CUSIP: 268684107

Record Date: October 24, 2014 **Payment Date:** October 31, 2014

Date: October 31, 2014

Withholding and reporting agents should consult their tax advisors regarding the proper tax treatment of distributions with respect to beneficial interests in the EME Reorganization Trust (the “**EME Trust**”) because the tax rules are complex and dependent on the individual interest holder’s situation. The following summary of certain U.S. federal income tax rules is for informational purposes only.

Grantor Trust Treatment

The EME Trust is intended to qualify as a “liquidating trust” for U.S. federal income tax purposes. In general, a liquidating trust is not a separate taxable entity, but rather is treated for U.S. federal income tax purposes as a “grantor trust” (i.e., a pass-through type entity). However, no ruling has been requested from the IRS and no opinion of counsel has been requested concerning the tax status of the EME Trust as a grantor trust. Accordingly, there can be no assurance that the IRS would not take a contrary position.

Pursuant to the Reorganization Trust Agreement, dated April 1, 2014, by and among the Managing Trustees named therein and Wilmington Trust, National Association, as Delaware Trustee, and the Debtors’ Third Amended Joint Chapter 11 Plan of Reorganization (with Technical Modifications) dated March 10, 2014 (the “**Plan**”) of Edison Mission Energy (“**EME**”), et al., which was confirmed pursuant to an order of the United States Bankruptcy Court for the Northern District of Illinois [Docket No. 2206], it is intended that the beneficiaries of the EME Trust be treated as if they had received a distribution of an undivided interest in each of the EME Trust’s assets in a taxable transaction in satisfaction of their claims against the Debtors and then immediately contributed such interests to the EME Trust. Taxable income or loss allocated to each EME Trust interest holder will be treated as income or loss with respect to such EME Trust interest holder’s undivided interest in the EME Trust assets, and not as income or loss with respect to its prior allowed claim.

The U.S. federal income tax obligations of a holder with respect to its EME Trust interest are not dependent on the EME Trust distributing any cash or other proceeds. In general, other than in respect of cash retained on account of a disputed ownership fund (“**DOF**”), a distribution of cash by the EME Trust will not be separately taxable to an EME Trust interest holder since such holder is already regarded for U.S. federal income tax purposes as owning the underlying assets. A DOF, however, will be subject to tax annually on a separate entity basis on any net income earned with respect to its assets, and all distributions from such DOF (which distributions will be net of the related expenses of the DOF) should be treated for U.S. federal income tax purposes as additional consideration received by holders in respect of their allowed claims as if distributed by the Debtors and not as earnings of the EME Trust.

Distribution

This payment is attributable to an undivided interest in certain assets of the EME Trust, which consists of the following amounts per unit as of the payment date of this distribution:

1. \$0.0513842 of gross proceeds from the sale by the EME Trust of those certain zero-coupon unsecured notes issued by Edison International (“**EIX**”), due September 30, 2015, in an aggregate principal amount of \$203,619,052 (the “**EIX 2015 Notes**”), pursuant to the Settlement Agreement, dated as of February 18, 2014, among EIX, EME and certain former creditors of EME (the “**Settlement Agreement**”), which includes:
 - \$0.0011830 of accrued original issue discount (the “**accrued OID**”) on the EIX 2015 Notes; and
 - \$0.0011333 of premium on the EIX 2015 Notes.
2. \$0.0524660 of gross proceeds from the sale by the EME Trust of those certain zero-coupon unsecured notes issued by EIX, due September 30, 2016, in an aggregate principal amount of \$213,955,857 (the “**EIX 2016 Notes**”), pursuant to the Settlement Agreement, which includes:
 - \$0.0011830 of accrued OID on the EIX 2016 Notes; and
 - \$0.0022150 of premium on the EIX 2016 Notes.

As discussed above, an EME Trust interest holder is treated for U.S. federal income tax purposes as holding an undivided interest in the underlying assets of the EME Trust. Any amounts received by the EME Trust, the economic benefit of which inures to an EME Trust interest holder on the basis described above with respect to the allocation of income, is treated as received by the beneficiary (i.e., interest holder) in respect of the underlying asset, and not in respect of its claim or interest. Accordingly, the amounts described in numbered paragraphs 1 and 2 above are treated as received by the EME Trust in respect of the EIX 2015 Notes and EIX 2016 Notes. The accrued OID should be treated as interest. The amounts of accrued OID and premium above are the total amounts received by the EME Trust. Holders who purchased their interest in the EME Trust rather than acquiring their interest under the Plan may have different amounts of accrued OID, premium, or market discount than those described above. Detailed information on the EIX 2015 Notes and EIX 2016 Notes can be found on the EME restructuring website (www.edisonmissionrestructuring.com).

3. \$0.0126368 of released Net EIX Escrow Funds.

If the EIX Escrow Account (as defined in the Settlement Agreement) is treated as a DOF as provided for in the Plan, under the grantor trust rules described above, if a holder acquired its

interest in the EME Trust under the Plan, the amount described in this paragraph 3 is treated as an additional amount paid in respect of such holder's claim against the Debtors in bankruptcy.

4. (\$0.0155609) deduction of the Bluescape Performance Payment.

Under the grantor trust rules described above, the Bluescape Performance Payment should be treated as paid out of the gross proceeds from the EIX 2015 Notes and EIX 2016 Notes.

Withholding

The U.S. federal income tax and withholding tax rules applicable to interest holders depend in part on whether a holder is a U.S. person or a non-U.S. person.

In the case of holders who are U.S. persons, under U.S. federal income tax law, interest, dividends, and other reportable payments, under certain circumstances, may be subject to "backup withholding" at the then applicable withholding rate (currently 28%).

In the case of holders who are not U.S. persons, withholding of up to 30% of the income or proceeds allocable to such persons may be required, depending on the circumstances (including whether the type of income is subject to a lower treaty rate or eligible for the portfolio interest exception). Such withholding applies to fixed or determinable annual or periodical income, which includes the accrued OID.

The foregoing summary has been provided for informational purposes only. All holders of interests in the EME Trust receiving this distribution are urged to consult their tax advisors concerning the applicable U.S. federal, state, and local and non-U.S. tax consequences.