

DYNEGY INC.  
Form S-1/A  
February 12, 2013  
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As filed with the Securities and Exchange Commission on February 12, 2013

No. 333-185376

# SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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AMENDMENT NO. 3

TO

## FORM S-1

REGISTRATION STATEMENT  
UNDER  
THE SECURITIES ACT OF 1933

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## DYNEGY INC.

(Exact name of registrant as specified in its charter)

**Delaware**

(State or other jurisdiction of incorporation  
or organization)

**4911**

(Primary Standard Industrial  
Classification Code Number)

**20-5653152**

(I.R.S. Employer Identification No.)

**601 Travis, Suite 1400, Houston, Texas 77002**  
**(713) 507-6400**

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

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**Catherine B. Callaway**  
**Executive Vice President, General Counsel and Chief Compliance Officer**  
**Dynegy Inc.**

**601 Travis, Suite 1400**

**Houston, Texas 77002**

**(713) 507-6400**

(Name, address, including zip code, and telephone number, including area code, of agent for service)

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Copies of all communications, including communications sent to agent for service, should be sent to:

**Gregory Pryor**

**David Johansen**

White & Case LLP  
1155 Avenue of the Americas  
New York, New York 10036

(212) 819-8200

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

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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:  x

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.  o

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.  o

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.  o

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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. (Check one):

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

**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 this Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.**

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**EXPLANATORY NOTE**

On November 7, 2011 Dynegy Holdings, LLC ( DH ), a wholly-owned subsidiary of Dynegy Inc. ( Dynegy ), and four of DH 's wholly-owned subsidiaries, Dynegy Northeast Generation, Inc. ( Northeast Generation ), Hudson Power, L.L.C. ( Hudson ), Dynegy Danskammer, L.L.C. ( Danskammer ) and Dynegy Roseton, L.L.C. ( Roseton ) and, together with DH, Northeast Generation, Hudson and Danskammer, the DH Debtor Entities ) filed voluntary petitions for relief (the DH Chapter 11 Cases ) under chapter 11 of title 11 of the United States Code (the Bankruptcy Code ) in the United States Court for the Southern District of New York, Poughkeepsie Division (the Bankruptcy Court ). On July 6, 2012, Dynegy filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code in the Bankruptcy Court (the Dynegy Chapter 11 Case ) and, together with the DH Chapter 11 Cases, the Chapter 11 Cases ) as a necessary step in our reorganization.

On July 12, 2012, Dynegy and DH, as co-plan proponents, filed the Joint Chapter 11 Plan of Reorganization for DH and Dynegy (the Plan ) with the Bankruptcy Court and on September 10, 2012, the Bankruptcy Court entered an order confirming the Plan (the Confirmation Order ). The Plan provided, among other things, for the merger of DH with and into Dynegy, with Dynegy as the surviving legal entity (the Merger ). On September 30, 2012, we completed the Merger. The accounting treatment of the Merger was reflected as a recapitalization of DH and, similar to a reverse merger, DH is the surviving accounting entity for financial reporting purposes. Therefore, our historical results for periods prior to the Merger are the same as DH 's historical results; accordingly, for accounting purposes only, we refer to Dynegy as Legacy Dynegy for periods prior to the Merger.

As a result of the accounting treatment of the Merger discussed above, the documents incorporated by reference into this registration statement and previously filed with the Securities and Exchange Commission (the SEC ) include the financial statements and other financial data of DH. In addition, please see Annex A hereto for certain financial statements of Dynegy relating to the DMG Transfer (as defined herein). The consolidated financial statements and related notes incorporated by reference herein and annexed hereto do not give effect to the Plan, including the impact of the adoption of fresh-start accounting, which was adopted upon our emergence from bankruptcy. Such adjustments will be reflected beginning October 1, 2012 in our consolidated financial statements that will be included in our Form 10-K for the year ending December 31, 2012. Please see Unaudited Pro Forma Condensed Consolidated Financial Statements herein for more information.

The Plan became effective and Dynegy emerged from chapter 11 protection on October 1, 2012 (the date on which all conditions to effectiveness contemplated under the Plan were satisfied or waived, the Plan Effective Date ). On the Plan Effective Date and in accordance with the terms of the Plan, certain outstanding debt securities of DH (collectively, the DH Notes ), other financial obligations of Dynegy and DH, and the outstanding common stock of Dynegy (the Old Common Stock ) were cancelled. The holders of the DH Notes and certain other holders of claims against DH and Dynegy were characterized as holders of allowed general unsecured claims under the Plan (such holders, the Former Creditors ) and were entitled to receive distributions of our new common stock issued by us upon emergence, as well as a cash payment on the Plan Effective Date. Certain Former Creditors may also be entitled to a future cash distribution upon the sale of the Facilities (as defined herein). The former holders of the Old Common Stock, as the beneficiaries of Dynegy 's administrative claim against DH under the Plan, were also entitled to receive distributions of our new common stock and five-year warrants to purchase shares of new common stock (the Warrants ), issued by us upon emergence.

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**The information in this prospectus is not complete and may be changed. The selling stockholder may not sell these securities until the registration statement filed with the Securities and Exchange Commission relating to these securities is effective. This prospectus is not an offer to sell these securities and it is not a solicitation of an offer to buy these securities in any jurisdiction where such offer, solicitation or sale is not permitted.**

**Subject to Completion, dated February 12, 2013**

**Dynegy Inc.**

**32,931,493 Shares Common Stock**

The selling stockholder is offering 32,931,493 shares of common stock, including 1,544,050 shares of common stock issuable upon the exercise of the Warrants issued pursuant to the Plan. We are not selling any shares of common stock under this prospectus. We will not receive any proceeds from the sale of shares to be offered by the selling stockholder.

The common stock offered by this prospectus is being registered to permit the selling stockholder to sell the offered common stock from time to time. The selling stockholder may offer and sell the offered common stock at fixed prices, prevailing market prices at the times of sale, prices related to the prevailing market prices, varying prices determined at the times of sale or negotiated prices. The shares of our common stock offered by this prospectus and any prospectus supplement may be offered by the selling stockholder directly to investors or to or through underwriters, dealers or other agents. We do not know when or in what amounts the selling stockholder may offer these shares of common stock for sale. The selling stockholder may sell all, some or none of the shares of common stock offered by this prospectus. See Plan of Distribution on page 46 for a more complete description of how the offered common stock may be sold.

**Investing in our common stock involves risks. See Risk Factors beginning on page 9.**

**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.**

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Our common stock is currently listed on the New York Stock Exchange, which we refer to as the NYSE, under the symbol DYN.

On February 11, 2013, the last reported sale price on the NYSE of our common stock was \$19.58.

This prospectus is dated \_\_\_\_\_, 2013.

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You should rely only on the information contained in this prospectus or to which we have referred you. We have not authorized anyone to provide you with information that is different. This prospectus may only be used where it is legal to sell these securities. The information in this prospectus may only be accurate on the date of this prospectus.

IF YOU ARE IN A JURISDICTION WHERE OFFERS TO EXCHANGE OR SELL, OR SOLICITATIONS OF OFFERS TO EXCHANGE OR PURCHASE, THE SECURITIES OFFERED BY THIS PROSPECTUS ARE UNLAWFUL, OR IF YOU ARE A PERSON TO WHOM IT IS UNLAWFUL TO DIRECT THESE TYPES OF ACTIVITIES, THEN THE OFFER PRESENTED IN THIS PROSPECTUS DOES NOT EXTEND TO YOU.

YOU SHOULD NOT ASSUME THAT THE INFORMATION CONTAINED IN THIS PROSPECTUS IS ACCURATE AS OF ANY DATE OTHER THAN THE DATE OF THIS PROSPECTUS AND NEITHER THE MAILING OF THIS PROSPECTUS NOR THE SALE OF OUR COMMON STOCK PURSUANT TO THIS OFFERING SHALL CREATE AN IMPLICATION TO THE CONTRARY.

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**CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS**

Certain statements contained or incorporated by reference in this prospectus which are not statements of historical fact constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. All statements included or incorporated by reference into this prospectus, other than statements of historical fact, that address activities, events or developments that we or our management expect, believe or anticipate will or may occur in the future are forward-looking statements. These statements represent our reasonable judgment of the future based on various factors and using numerous assumptions and are subject to known and unknown risks, uncertainties and other factors that could cause our actual results and financial position to differ materially from those contemplated by the statements. You can identify these statements by the fact that they do not relate strictly to historical or current facts. They use words such as anticipate, estimate, project, forecast, plan, may, will, should, expect and other words of similar meaning. In particular, these include, but are not limited to, statements relating to the following:

- our ability to consummate the Facilities Sale Transactions (as defined herein) in accordance with the terms of the amended and restated settlement agreement, dated as of May 30, 2012, by and among Dynegy, certain of its subsidiaries and DH's former creditor constituencies (the Settlement Agreement), the Plan, the Danskammer APA, the Roseton APA and the Chapter 11 Joint Plan of Liquidation filed by the DNE Debtor Entities with the Bankruptcy Court on December 14, 2012 (the DNE Debtor Entities Joint Plan of Liquidation) (each, as defined herein);
- beliefs and assumptions relating to our liquidity, available borrowing capacity and capital resources generally, including the extent to which such liquidity could be affected by poor economic and financial market conditions or new regulations and any resulting impacts on financial institutions and other current and potential counterparties;
- the anticipated benefits of the overall restructuring activities, our reorganization value and the effects of fresh start accounting;
- limitations on our ability to utilize previously incurred federal net operating losses or alternative minimum tax credits;
- expectations regarding our compliance with the five-year senior secured term loan facility between Dynegy Midwest Generation, LLC (DMG) and its parent Dynegy Coal Investments Holdings, LLC (DCIH), (the DMG Credit Agreement) and the five-year senior secured term loan facility between Dynegy Power, LLC (DPC) and its parent Dynegy Gas Investments Holdings, LLC (DGIH), (the DPC Credit Agreement) and together with the DMG Credit Agreement, the Credit Agreements, including collateral demands, interest expense and other payments;
- the timing and anticipated benefits of any repayments under the Credit Agreements;
- the timing and anticipated benefits to be achieved through our company-wide cost savings programs, including our PRIDE initiative;



- expectations regarding environmental matters, including costs of compliance, availability and adequacy of emission credits, and the impact of ongoing proceedings and potential regulations or changes to current regulations, including those relating to climate change, air emissions, cooling water intake structures, coal combustion byproducts, and other laws and regulations to which we are, or could become, subject;
  
- beliefs, assumptions and projections regarding the demand for power, generation volumes and commodity pricing, including natural gas prices and the impact on such prices from shale gas proliferation and the timing of a recovery in natural gas prices, if any;

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- sufficiency of, access to and costs associated with coal, fuel oil and natural gas inventories and transportation thereof;
  
- beliefs and assumptions about market competition, generation capacity and regional supply and demand characteristics of the wholesale power generation market, including the anticipation of higher market pricing over the longer term;
  
- the effectiveness of our strategies to capture opportunities presented by changes in commodity prices and to manage our exposure to energy price volatility;
  
- beliefs and assumptions regarding the outcome of the California tolling contract terminations dispute and the impact of such terminations on the timing and amount of future cash flows;
  
- beliefs and assumptions about weather and general economic conditions;
  
- projected operating or financial results, including anticipated cash flows from operations, revenues and profitability;
  
- our focus on safety and our ability to efficiently operate our assets so as to capture revenue generating opportunities and operating margins;
  
- beliefs about the costs and scope of the ongoing demolition and site remediation efforts at the South Bay power generation facility in California;
  
- beliefs about the outcome of legal, administrative, legislative and regulatory matters, including the impact of final rules regarding derivatives issued by the U.S Commodity Futures Trading Commission (the CFTC ) under the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010;
  
- expectations regarding our ability to effectively raise capital in light of the recent Chapter 11 Cases;
  
- expectations regarding the pending DNE Chapter 11 Cases (as defined herein); and

- expectations regarding performance standards and estimates regarding capital and maintenance expenditures.

Any or all of our forward-looking statements may turn out to be wrong. They can be affected by inaccurate assumptions or by known or unknown risks, uncertainties and other factors, many of which are beyond our control.

#### **WHERE YOU CAN FIND ADDITIONAL INFORMATION**

We have filed a registration statement on Form S-1 under the Securities Act of 1933, as amended (the Securities Act ) with the SEC to register with the SEC the shares of our common stock being offered in this prospectus. 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 with it. For further information about us and our common stock, reference is made to the registration statement and the exhibits and schedules filed with it. 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

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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 current reports, proxy and registration statements and other information with the SEC. You may read and copy any reports, statements, or other information that we file, including the registration statement, of which this prospectus forms a part, the exhibits and schedules filed with it, and the information incorporated by reference herein, without charge at the public reference room maintained by the SEC, located at 100 F Street, NE, Washington, D.C. 20549, and copies of all or any part of the registration statement may be obtained from the SEC on the payment of the fees prescribed by the SEC. Please call the SEC at 1-800-SEC-0330 for further information about the public reference room. The SEC also maintains an internet website that contains reports, proxy and information statements and other information regarding registrants that file electronically with the SEC. The address of the website is [www.sec.gov](http://www.sec.gov).

**INCORPORATION BY REFERENCE OF CERTAIN DOCUMENTS**

We are incorporating by reference specified documents that we file with the SEC, which means that we can disclose important information to you by referring you to those documents that are considered part of this prospectus. We incorporate by reference into this prospectus the documents listed below (other than portions of these documents that are either (1) described in paragraph (e) of Item 201 of Registration S-K or paragraphs (d)(1)-(3) and (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):

- DH s Annual Report on Form 10-K for the fiscal year ended December 31, 2011, filed on September 18, 2012;
  
- Dynegy s Annual Report on Form 10-K for the fiscal year ended December 31, 2011 filed on March 8, 2012, as amended by Dynegy s Annual Report on Form 10-K/A, filed on April 26, 2012 and as further amended by Dynegy s Annual Report on Form 10-K/A, filed on December 10, 2012, for the same period (except for Items 6, 7, 8 and 15(a) thereof);
  
- DH s Quarterly Reports on Form 10-Q for the quarterly periods ended March 31, 2012 and June 30, 2012, filed on September 18, 2012;
  
- Dynegy s Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2012, filed on November 7, 2012;
  
- Dynegy s Quarterly Reports on Form 10-Q for the quarterly periods ended March 31, 2012 and June 30, 2012, filed on May 10, 2012, and August 3, 2012, respectively;

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- Dynegy's Current Reports on Form 8-K filed January 9, 2012, February 3, 2012, March 2, 2012, March 8, 2012, April 11, 2012, July 6, 2012, July 10, 2012, July 11, 2012, September 25, 2012, October 2, 2012, October 4, 2012, November 2, 2012, November 14, 2012, November 27, 2012, December 10, 2012, December 17, 2012, December 18, 2012, January 7, 2013, January 16, 2013, January 22, 2013 and February 12, 2013 (to the extent such reports are filed); and
- Dynegy and DH's Current Reports on Form 8-K filed on January 23, 2012, March 7, 2012, May 2, 2012, May 31, 2012, June 11, 2012, June 19, 2012, July 13, 2012, August 1, 2012, August 15, 2012, August 27, 2012, August 31, 2012 and September 13, 2012 (to the extent such reports are filed).

Any statement contained in a document incorporated or deemed to be incorporated by reference into this prospectus will be deemed to be modified or superseded for purposes of this prospectus to the extent that a statement contained in this prospectus or any other subsequently filed document that is deemed to be incorporated by reference into this prospectus modifies or supersedes the statement. Any statement so modified or superseded will not be deemed, except as so modified or superseded, to constitute a part of this prospectus.

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Any person, including any beneficial owner, to whom this prospectus is delivered may request copies of this prospectus and any of the documents incorporated by reference in this prospectus, without charge, by written or oral request directed to Dynegy Inc., Attention: Investor Relations Department, 601 Travis, Suite 1400, Houston, Texas 77002, telephone (713) 507-6400, on the Investor Relations section of our website at <http://www.dynegy.com> or from the SEC through the SEC's website at the web address provided under the heading "Where You Can Find More Information." Documents incorporated by reference are available without charge, excluding any exhibits to those documents unless the exhibit is specifically incorporated by reference into those documents.

Except for the documents incorporated by reference as noted above, we do not intend to incorporate into this prospectus any of the information included on our website.

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**PROSPECTUS SUMMARY**

*The following summary highlights information contained elsewhere in this prospectus. It does not contain all the information that may be important to you in making an investment decision. You should read this entire prospectus carefully, including the documents incorporated by reference herein and annexed hereto, which are described under Incorporation by Reference of Certain Documents, Where You Can Find Additional Information and Annex A: Financial Statements Relating to Legacy Dynegy. You should also carefully consider, among other things, the matters discussed in the section titled Risk Factors. In this prospectus, unless the context requires otherwise, references to the Company, the Issuer, we, our, or us refer to Dynegy and its consolidated subsidiaries, and references to our common stock refer to the common stock of Dynegy.*

**Our Business**

We are a holding company and conduct substantially all of our business operations through our subsidiaries. Our primary business is the production and sale of electric energy, capacity and ancillary services from our fleet of sixteen operating power plants in six states totaling approximately 11,600 megawatts of generating capacity. This includes the Roseton and Danskammer facilities (the Facilities ) which the DNE Debtor Entities (as defined below) commenced an auction for in November 2012 (the Facilities Auction ) and the Oglesby and Stallings peaking facilities, which we intend to retire by the end of 2012, subject to a reliability assessment by the Midwest Independent Transmission System Operator, Inc. ( MISO ). Notice of the winning bids in the Facilities Auction was provided on December 10, 2012. We began operations in 1984 and became incorporated in the State of Delaware in 2007.

We sell electric energy, capacity and ancillary services on a wholesale basis from our power generation facilities. Wholesale electricity customers will, for reliability reasons and to meet regulatory requirements, contract for rights to capacity from generating units. Ancillary services are the products of a power generation facility that support the transmission grid operation, follow real-time changes in load and provide emergency reserves for major changes to the balance of generation and load. We sell these products individually or in combination to our customers under short-, medium- and long-term agreements and hedging arrangements.

We do business with a wide range of customers, including: regional transmission organizations ( RTOs ) and independent system operators ( ISOs ), integrated utilities, municipalities, electric cooperatives, transmission and distribution utilities, industrial customers, power marketers, financial participants such as banks and hedge funds, and other power generators. All of our products are sold on a wholesale basis for various lengths of time, from hourly to multi-year transactions. Some of our customers, such as municipalities or integrated utilities, purchase our products for resale in order to serve their retail, commercial and industrial customers. Other customers, such as some power marketers, may buy from us to serve their own wholesale or retail customers or as a hedge against power sales they have made.

**Recent Events**

Northeast Generation, Hudson, Roseton and Danskammer (together, the DNE Debtor Entities ) remain in chapter 11 bankruptcy and continue to operate their businesses as debtors-in-possession (the DNE Chapter 11 Cases ). Pursuant to the Settlement Agreement, certain proceeds of the sale of the Facilities (the Facilities Sale ) may be distributed to certain of the Former Creditors. In November 2012, the DNE Debtor Entities commenced an auction for the Facilities and notice of the winning bids was provided on December 10, 2012. On December 10, 2012,

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Danskammer entered into an asset purchase agreement (the *Danskammer APA*) with ICS NY Holdings, LLC ( *ICS* ) pursuant to which Danskammer will sell to ICS the Danskammer power generation facility and associated real property (the *Danskammer Sale* ). At closing, Danskammer expects to receive \$3.5 million in cash, which will be distributed pursuant to the applicable provisions in the DNE Debtor Entities Joint Plan of Liquidation (as defined below), and ICS will assume certain of Danskammer's liabilities as set forth in the Danskammer APA. On December 14, 2012, the DNE Debtor Entities filed the DNE Entities Joint Plan of Liquidation (the *DNE Plan* ) and a related disclosure statement (the *DNE Disclosure Statement* ) with the Bankruptcy Court. On December 17, 2012, Roseton filed with the Bankruptcy Court an agreed upon final form asset purchase agreement (the *Roseton APA* ) with LDH U.S. Asset Holdings LLC ( *LDH Holdings* ) pursuant to which Roseton will sell to LDH Holdings Roseton power generation facility and associated real property (the *Roseton Sale* ) and together with the Danskammer Sale, the *Facilities Sale Transactions* ). At closing, Roseton expects to receive \$19.5 million in cash (subject to certain purchase price adjustments), which will be distributed pursuant to the applicable provisions in the DNE Debtor Entities Joint Plan of Liquidation, and LDH Holdings will assume certain of Roseton's liabilities set forth in the Roseton APA. On December 26, 2012, the Bankruptcy Court entered an order approving the *Facilities Sale Transactions*. The consummation of the *Facilities Sale Transactions* remains subject to, among other things, required regulatory approval and closing conditions set forth in the Danskammer APA and Roseton APA, as applicable. On January 21, 2013, the DNE Debtor Entities filed an amendment to the *DNE Plan* and related *DNE Disclosure Statement* and on January 24, 2013 the Bankruptcy Court entered an order approving the *DNE Plan* and related *DNE Disclosure Statement*, as amended. If the *Facilities Sale Transactions* are not successful, the DNE Debtor Entities may be required to liquidate their remaining assets or convert the DNE Chapter 11 Cases to chapter 7 liquidation under the Bankruptcy Code.



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**Our Corporate Information**

Our principal executive offices are located at 601 Travis, Suite 1400, Houston, Texas 77002. Our telephone number is (713) 507-6400 and we have a website accessible at [www.dynegy.com](http://www.dynegy.com). The information posted on our website is not incorporated into this prospectus and is not part of this prospectus.

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**THE OFFERING**

Issuer	Dynegy Inc.
Securities offered by the selling stockholder	32,931,493 shares of common stock including 1,544,050 shares of common stock issuable upon the exercise of the Warrants.
Shares of common stock outstanding after this offering	115,606,936 shares of common stock.
Use of Proceeds	We will not receive any proceeds from the sale of shares of the common stock by the selling stockholder. See Use of Proceeds.
Risk Factors	Investing in our common stock involves substantial risk. For a discussion of risks relating to Dynegy, our business and investment in our common stock, see the section titled Risk Factors on page 9 of this prospectus and all other information set forth in this prospectus before investing in our common stock.
NYSE Trading Symbol	DYN

The number of shares to be outstanding after consummation of this offering is based on 115,606,936 shares of common stock outstanding as of February 12, 2013, including 15,606,936 additional shares of common stock reserved for issuance upon the exercise of the Warrants at an exercise price of \$40.00 per share that expire at 5:00 p.m. New York City time on October 2, 2017 and 804 shares held in treasury following issuance on the Plan Effective Date due to the rounding conventions applied to distributions under the Plan, but does not include restricted stock units or options issued under the 2012 Dynegy Inc. Long Term Incentive Plan (the Dynegy LTIP ) regardless of whether such units or options have vested.

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**RISK FACTORS**

*Investing in our common stock involves risks including, without limitation, those set forth below. There may be other unknown or unpredictable economic, business, competitive, regulatory or other factors that could have material adverse effects on our future results. Past financial performance may not be a reliable indicator of future performance and historical trends should not be used to anticipate results or trends in future periods. If any of the risks described below or in any document incorporated by reference herein actually occurs, our business, financial condition and results of operations would likely suffer. In that event, the market price of our common stock could decline and investors in our common stock could lose all or part of their investment. You should carefully consider all of the information set forth in this prospectus and the documents incorporated by reference herein and annexed hereto, and, in particular, the risk factors described in Dynegy's Annual Report on Form 10-K for the fiscal year ended December 31, 2011, and those described in DH's Annual Report on Form 10-K for the fiscal year ended December 31, 2011, filed with the SEC, which are incorporated by reference into this prospectus, with your respective legal counsel, tax and financial advisors and/or accountants prior to purchasing our common stock.*

**Risks Related to Ownership of Our Common Stock**

*The resale of shares of our common stock offered may adversely affect the market price of our common stock and substantial sales of or trading in our common stock could occur in connection with emergence from bankruptcy, which could cause our stock price to be adversely affected.*

At the time of our emergence from bankruptcy, we granted registration rights to the selling stockholder. The shares of our outstanding common stock held by the selling stockholder are registered for resale under the registration statement of which this prospectus forms a part. The selling stockholder, as of February 12, 2013, owned approximately 32.4% of our outstanding common stock (which includes 1,544,050 shares of common stock issuable upon exercise of the Warrants), all of which may be sold from time to time pursuant to the registration statement of which this prospectus forms a part.

On October 1, 2012, we issued an aggregate of 100,000,000 shares to holders of our Old Common Stock and the Former Creditors. These shares were issued pursuant to Section 1145 of the Bankruptcy Code ( Section 1145 ) and are freely tradable and may be sold in the public markets immediately following our emergence from bankruptcy or thereafter from time to time, subject to certain limitations provided in Section 1145.

Commencing on April 1, 2013, assuming we remain current in our reporting obligations under the Securities Exchange Act of 1934, as amended ( Exchange Act ) and commencing on October 1, 2013, if we do not, these shares may be sold under Rule 144 of the Securities Act ( Rule 144 ), subject in the case of holders that are affiliates, to restrictions on volume and manner of sale.

Some of our Former Creditors or other investors who received shares of our new common stock in connection with the Plan had the ability to sell and may have sold our shares shortly after emergence from bankruptcy for any number of reasons. The sale of significant amounts of our new common stock or substantial trading in our new common stock or the perception in the market that substantial trading in our new common stock will occur may adversely affect the market price of our new common stock.

*The market price of our common stock may be volatile, which could cause the value of your investment to decline.*

The trading price of our common stock on the NYSE may fluctuate substantially. The price of our common stock that will prevail in the market after the sale of the shares of common stock by the selling stockholder may be higher or lower than the price you have paid.

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Numerous factors, including many over which we have no control, may have a significant impact on the market price of our common stock. These risks include those described or referred to in this Risk Factors section and in the other documents incorporated herein by reference as well as, among other things:

- our operating and financial performance and prospects;
- our access to financial and capital markets to issue debt or enter into new credit facilities;
- investor perceptions of us and the industry and markets in which we operate;
- future sales of equity or equity-related securities;
- changes in earnings estimates or buy/sell recommendations by analysts; and
- general financial, domestic, economic and other market conditions.

***Our common stock is an equity interest and therefore subordinated to our indebtedness.***

In the event of our liquidation, dissolution or winding up, our common stock would rank below all debt claims against us. As a result, holders of our common stock will not be entitled to receive any payment or other distribution of assets upon our liquidation, dissolution or winding up until after all of our obligations to our debt holders have been satisfied.

***Certain holders of our common stock or Warrants may be restricted in their ability to transfer or sell their securities.***

Our common stock and Warrants issued under the Plan are exempt from registration under Section 1145(a)(1) and they may be resold by the holders thereof without registration unless the holder is an underwriter with respect to such securities. Resales by persons who received our common stock or Warrants pursuant to the Plan that are deemed to be underwriters as defined in Section 1145(b) would not be exempted by Section 1145 from registration under the Securities Act, or other applicable law. Such persons would only be permitted to sell such securities without registration if they are able to comply with the provisions of Rule 144 under the Securities Act or another applicable exemption. See Shares Eligible for Future Sales Common Stock and Warrants Issued in Reliance on Section 1145. However, pursuant to the Plan, each holder of an allowed general unsecured claim that was also a holder of 10% or more of the issued and outstanding shares on the Plan Effective Date had

the right to become a party to a registration rights agreement which provides such holder with customary registration rights, including a customary shelf registration, with respect to any shares of our common stock it receives under the Plan. On the Plan Effective Date, Franklin Advisers, Inc. ( FAV ) was the only such holder.

*Certain provisions of our corporate documents could delay or prevent a change of control, even if that change would be beneficial to stockholders, or could have a material negative impact on our business.*

Certain provisions in our third amended and restated certificate of incorporation may have the effect of deterring transactions involving a change in control of us, including transactions in which stockholders might receive a premium for their shares.

Our third amended and restated certificate of incorporation provides for the issuance of up to 20,000,000 shares of preferred stock with such designations, rights and preferences as may be determined from time to time by our board of directors (the Board ). The authorization of preferred shares empowers our board of directors, without further stockholder approval, to issue preferred shares with dividend, liquidation, conversion, voting or other rights which could adversely affect the voting power or other rights of the holders of the common stock. If issued, the preferred stock could also dilute the holders of our common stock and could be used to discourage, delay or prevent a change of control of us.

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*We do not currently anticipate paying cash dividends on our common stock in the foreseeable future.*

We have paid no cash dividends on our common stock and have no current intention of doing so. Any future determination to pay cash dividends will be at the discretion of our Board, subject to applicable limitations under Delaware law, and will be dependent upon our results of operations, financial condition, contractual restrictions and other factors deemed relevant by our Board.

*Limitations currently apply to our use of certain tax attributes and further limitations could apply as a result of future direct or indirect sales of our common stock by the selling stockholder or other large stockholder; Certain tax attributes will be eliminated at the end of the taxable year.*

The use of our net operating losses ( NOLs ) and alternative minimum tax ( AMT ) credits has been limited by two ownership changes under Section 382 of the Internal Revenue Code (the Code ) - the first occurring in the second quarter 2012 (the Initial Ownership Change ) and the second on the Effective Date of the Plan ( the Emergence Ownership Change ). The limitation resulting from the Initial Ownership Change is substantial and applies to all NOLs and tax AMT credits existing at the time of the Initial Ownership Change. The limitation resulting from the Emergence Ownership Change has not yet been finalized and, although this limitation applies to all NOLs and AMT credits existing at the time of the Emergence Ownership Change, this limitation generally only will have an impact on NOLs and AMT credits generated after the Initial Ownership Change because the NOLs and AMT credits generated before the Initial Ownership Change already are subject to the limitations resulting from the Initial Ownership Change. NOLs and AMT credits generated after the Emergence Ownership Change are not subject to the limitations from either of the prior ownership changes. If, however, there were another ownership change, (the Post-Emergence Ownership Change ) the utilization of all NOLs and AMT credits existing at the time of the Post-Emergence Ownership Change would be subject to an additional annual limitation based upon a formula provided under Section 382 of the Code that is based on the fair market value of the Company and prevailing interest rates at the time of the Post-Emergence Ownership Change. An ownership change generally is a 50% increase in ownership over a three-year period by stockholders who directly or indirectly own at least 5 percent of the Company's stock. Thus, if the selling stockholder sells or otherwise disposes of a significant amount of its stock, such sales, along with various other dispositions or sales of our common stock by other stockholders or by us (and other indirect transfers of our common stock resulting from changes in ownership of our stockholders ) could trigger a Post-Emergence Ownership Change.

In addition, as a result of the discharge of debt of DH in the Chapter 11 Cases, we and our subsidiaries will be required to reduce the amount of our NOLs and AMT credits and potentially other tax attributes existing at the end of our taxable year. All NOLs and AMT credits are available to be reduced, regardless of whether the NOLs and AMT credits are subject to limitations from the ownership changes. All of these reductions in, and limitation on the use of, NOLs and AMT credits could affect our ability to offset future taxable income.

*The ownership position of Franklin Advisers, Inc. limits other stockholders' ability to influence corporate matters and could affect the price of our common stock.*

As of February 12, 2013, FAV had sole voting power and sole dispositive power over approximately 32.4% of our outstanding common stock (the FAV stock ). As a result, it, or any entity to which FAV sells the FAV stock, may be able to exercise significant control over matters requiring stockholder approval. Further, because of its large ownership position, if FAV sells the FAV stock, it could depress our share price.

**Risks Related to Our Business and Industry**

Please see Item 1A Risk Factors contained in DH's Annual Report on Form 10-K for the fiscal year ended December 31, 2011, and Item 1A Risk Factors contained in Dynegy's Quarterly Report on Form 10-Q for the quarter ended September 30, 2012, which are incorporated by reference herein, for risk factors related to our business and industry.



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**USE OF PROCEEDS**

We will not receive any proceeds from the sale of our common stock by the selling stockholder. We will pay estimated transaction expenses of approximately \$482,021 in connection with this offering.

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**MARKET FOR OUR COMMON STOCK**

Our new common stock is listed on the NYSE under the symbol DYN and has been trading since October 3, 2012. No prior established public trading market existed for our new common stock prior to this date. The following table sets forth the per share high and low closing prices for our common stock as reported on the NYSE for the periods presented.

<b>Quarter Ended</b>	<b>High</b>	<b>Low</b>
December 31, 2012	\$ 20.75	\$ 17.00

The closing price of our common stock on the NYSE on February 11, 2013 was \$19.58 per share.

As of February 11, 2013 we had approximately 2,834 holders of record of our common stock, based on information provided by our transfer agent.

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**UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

The following unaudited pro forma condensed consolidated financial information (the Pro Forma Financial Information) sets forth selected historical consolidated financial information for Dynegy. The historical data provided as of and for the nine months ended September 30, 2012 and for the twelve months ended December 31, 2011, 2010 and 2009, is derived from our unaudited quarterly and audited annual consolidated financial statements which have been incorporated by reference into this prospectus.

On September 30, 2012, pursuant to the Plan, DH merged with and into Dynegy, with Dynegy continuing as the surviving legal entity. The accounting treatment of the Merger is reflected as a recapitalization of DH and, similar to a reverse merger, DH is the surviving accounting entity for financial reporting purposes. Therefore, our historical results for periods prior to the Merger are the same as DH's historical results; accordingly, we refer to Dynegy as Legacy Dynegy for accounting purposes when referring to periods prior to the Merger.

On September 1, 2011, DH sold 100 percent of the outstanding membership interests of Dynegy Coal Holdco (Coal Holdco) to Legacy Dynegy (the DMG Transfer). Therefore, the results of our Coal segment are only included in our 2011 consolidated results for the period from January 1, 2011 through August 31, 2011. On June 5, 2012, in connection with the Settlement Agreement, DH reacquired Coal Holdco from Legacy Dynegy (the DMG Acquisition). Therefore, the results of our Coal segment are only included in our 2012 consolidated results for the period from June 6, 2012 through September 30, 2012.

On November 7, 2011, the DH Debtor Entities commenced the DH Chapter 11 Cases. On July 6, 2012, Legacy Dynegy commenced the Dynegy Chapter 11 Case. On September 10, 2012, the Bankruptcy Court entered the Confirmation Order and on October 1, 2012, we consummated our reorganization under Chapter 11 pursuant to the Plan and Dynegy exited bankruptcy. Upon emergence, we will apply fresh start accounting to our consolidated financial statements because (i) the reorganization value of the assets of the emerging entity immediately before the date of confirmation was less than the total of all post-petition liabilities and allowed claims and (ii) the holders of the existing voting shares of the predecessor's common stock immediately before confirmation received less than 50 percent of the voting shares of the emerging entity. The DNE Debtor Entities remain in Chapter 11 bankruptcy and continue to operate their businesses as debtors-in-possession. As a result, Dynegy will deconsolidate the DNE Debtor Entities effective October 1, 2012.

The Pro Forma Financial Information is provided for informational and illustrative purposes only and should be read in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations, and the consolidated financial statements and related notes in DH's annual report on Form 10-K for the year ended December 31, 2011 and Dynegy's quarterly report on Form 10-Q for the nine months ended September 30, 2012, which have been incorporated by reference into this prospectus. In addition, our historical financial statements will not be comparable to our financial statements following emergence from bankruptcy due to (i) the impact of the DMG Transfer and subsequently, the DMG Acquisition; (ii) the effects of the consummation of the Plan; and (iii) adjustments for fresh start accounting.

The unaudited pro forma condensed consolidated statements of operations have been prepared as if (i) the DMG Transfer had never occurred, (ii) the Plan was effective and (iii) we applied fresh start accounting on January 1, 2011. In addition, the unaudited pro forma condensed consolidated statements of operations have been prepared as if the DNE Debtor Entities were deconsolidated on January 1, 2009. The unaudited pro forma condensed consolidated balance sheet has been prepared assuming (i) the DNE Debtor Entities were deconsolidated, (ii) the Plan was effective and (iii) we applied fresh start accounting on September 30, 2012. Each of these adjustments is more fully described below and within the notes to the Pro Forma Financial Information. Subsequent to the deconsolidation of the DNE Debtor Entities, Dynegy will classify the DNE Debtor Entities as discontinued operations within its consolidated financial statements. However, the deconsolidation of the DNE Debtor Entities has not yet been reflected as discontinued operations in Dynegy's historical financial statements. Therefore, we have included unaudited

pro forma condensed consolidated

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statements of operations for the years ended December 31, 2010 and 2009 which assume that the deconsolidation of the DNE Debtor Entities occurred on January 1, 2009.

Prior to the Merger, DH was organized as a limited liability company and the capital structure of DH did not change until September 30, 2012. Although Legacy Dynegy's shares were publicly traded, DH did not have any publicly traded shares for any period presented; therefore, no loss per share is presented on our historical unaudited condensed consolidated statement of operations for any period presented. We have included loss per share for the nine months ended September 30, 2012 and the year ended December 31, 2011 in the Pro Forma Financial Information.

**DMG Transfer/Merger**

As discussed above, the results of our Coal segment are not included in our historical results between September 1, 2011, the date of the DMG Transfer, and June 5, 2012, the date of the DMG Acquisition. The DMG Transfer adjustments included in the unaudited condensed consolidated statements of operations remove the effects of the DMG Transfer. Additionally, we completed the Merger on September 30, 2012. We have also included the results of operations of Legacy Dynegy in these adjustments. Accordingly, the results of our Coal segment and Legacy Dynegy are included for all periods presented.

**Deconsolidation of the DNE Debtor Entities**

The DNE Debtor Entities did not emerge from Chapter 11 protection on October 1, 2012 and continue to operate their businesses as debtors-in-possession. Therefore, the DNE Debtor Entities were deconsolidated as of October 1, 2012. Subsequent to October 1, 2012, we will account for our investment in the DNE Debtor Entities using the cost method of accounting.

The balance sheet pro forma adjustments relate to the deconsolidation of the DNE Debtor Entities and recording the initial value of our investment as of September 30, 2012. Our initial estimate of the fair value of our investment in DNE is zero. The pro forma adjustments included in the statements of operations relate to the reclassification of the results of operations of DNE as discontinued operations during the periods presented.

As previously discussed in Prospectus Summary-Recent Events, we have entered into agreements to sell the Facilities. The pro forma adjustments do not consider the impact of the Facilities Sale Transactions.

**Effects of Plan**

The Effects of Plan adjustments included in the Pro Forma Financial Information give effect to the Plan and the transactions contemplated therein, including the discharge of administrative claims, settlement of claims allowed by the Bankruptcy Court and our recapitalization upon

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emergence from Chapter 11 of the Bankruptcy Code. These adjustments include:

- the cancellation of any shares of Old Common Stock and any options, warrants or rights to purchase shares of Old Common Stock or other equity securities outstanding prior to the Plan Effective Date;
- the issuance of approximately 100 million new shares of common stock (excluding any shares that may be issued upon the exercise of Warrants or shares that may be issued pursuant to the Dynegy LTIP) and Warrants to purchase up to approximately 15.6 million shares of common stock, to settle existing claims;
- a cash payment of approximately \$200 million to creditors as contemplated under the Plan; and
- the elimination of interest expense related to the debt issued under the indenture governing DH's senior notes and certain of DH's subordinated debentures that were settled in the bankruptcy process.

### **Fresh Start Adjustments**

Fresh start adjustments result in the allocation of reorganization value to the fair value of assets as of the Plan Effective Date. The reorganization value is intended to approximate the amount a willing buyer would pay for the assets of the company immediately after restructuring.

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Under fresh start accounting, we will allocate our reorganization value to the fair value of assets in accordance with the acquisition method of accounting for business combinations. The amount remaining after allocation of the reorganization value to the fair value of identified tangible and intangible assets and liabilities, if any, will be reflected as goodwill and subject to evaluation for impairment.

Fair value estimates included in the Pro Forma Financial Information represent preliminary values and have been made solely for the purpose of developing the Pro Forma Financial Information included herein and are subject to further revisions and adjustments. Updates to such preliminary values will be completed in the periods subsequent to those reported in this prospectus and will be calculated as of our actual emergence date of October 1, 2012, and, to the extent such updates reflect a valuation different than those used in the Pro Forma Financial Information, there may be adjustments in the carrying values of certain assets and liabilities and related deferred taxes. To the extent actual valuations differ from those used in preparing the Pro Forma Financial Information, these differences will be reflected in our consolidated balance sheet upon emergence under fresh start accounting and may also affect our results of operations post-emergence from bankruptcy. As such, the following Pro Forma Financial Information is not intended to represent actual post-emergence financial condition or results of operations, and any differences could be material. In addition, the financial information incorporated by reference herein and annexed hereto, unless otherwise expressly set forth or as the context otherwise indicates, reflects our historical consolidated results of operations, financial condition and cash flows for the periods presented. That historical financial information does not reflect, among other things, any effects of the transactions contemplated by the Plan or any fresh-start adjustments, which we adopted upon our emergence from bankruptcy. Thus, such financial information will not be representative of our performance or financial condition after the Plan Effective Date.

Our reorganization value, as approved by the Bankruptcy Court, is a range of approximately \$2.3 billion to approximately \$3.6 billion. For pro forma purposes, our reorganization value is approximately \$2.7 billion. The reorganization value was determined using a sum-of-the-parts discounted cash flow analysis. The discounted cash flow analysis is a forward-looking enterprise valuation methodology that estimates the value of an asset or business by calculating the present value of expected future cash flows to be generated by that asset or business. Under this methodology, projected future cash flows are discounted by the business's weighted average cost of capital. The application of this financial analysis methodology requires certain key judgments and assumptions, including the amount of cash available to fund operations, industry performance, business and economic conditions and other matters. This range of values are subject to uncertainties and contingencies that are difficult to predict and as a result, are not necessarily indicative of actual outcomes, which may be significantly more or less favorable.

**Pro Forma Financial Information**

The unaudited pro forma condensed consolidated balance sheet is presented as of September 30, 2012, and the unaudited pro forma condensed consolidated statements of operations are presented for the fiscal year ended December 31, 2011 and for the nine months ended September 30, 2012. The following Pro Forma Financial Information was prepared by applying adjustments to historical consolidated financial statements. These adjustments give effect to the Plan and fresh start accounting, reflecting our post-emergence financial statements as if the emergence date had occurred on January 1, 2011 for the unaudited pro forma condensed consolidated statements of operations and on September 30, 2012 for the unaudited pro forma condensed consolidated balance sheet. We have also included pro forma condensed consolidated statements of operations for the years ended December 31, 2010 and 2009 to reflect the deconsolidation of the DNE Debtor Entities effective January 1, 2009.

The Pro Forma Financial Information does not purport to represent what our actual results of operations or financial position would have been had the Plan become effective or had the other transactions described above occurred on January 1, 2009, January 1, 2011, or September 30, 2012, as the case may be. In addition, the dollar amount of new equity and stockholders' equity on the unaudited pro forma condensed consolidated balance sheet is not an estimate of the market value of our common stock or any other shares of capital stock as of the Plan Effective Date or at any other time. We make no representations as to the market value, if any, of our common stock or of any other shares of capital stock.





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## DYNEGY INC.

## UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS

	Nine Months Ended September 30, 2012					
	As Reported (a)	DMG Transfer/ Merger (b)	Deconsolidation of DNE (c) (in millions, except per share data)	Effects of Plan (d)	Fresh Start Adjustments	Pro Forma
Revenues	\$ 1,042	\$ 230	\$ (61)	\$	\$ (61)(e)	\$ 1,150
Cost of sales	(697)	(132)	35		(51)(f)	(845)
Gross margin, exclusive of depreciation shown separately below	345	98	(26)		(112)	305
Operating and maintenance expense, exclusive of depreciation shown separately below	(196)	(69)	46		2(g)	(217)
Depreciation and amortization expense	(110)	(78)			97(h)	(91)
General and administrative expenses	(66)	(14)			1(g)	(79)
Operating income (loss)	(27)	(63)	20		(12)	(82)
Bankruptcy reorganization charges	(252)		49	203		
Interest expense	(121)	(24)	1		23(i)	(121)
Impairment of Undertaking receivable, affiliate	(832)	832				
Other income and expense, net	31	(24)				7
Income (loss) before income taxes	(1,201)	721	70	203	11	(196)
Income tax benefit	9				(j)	9
Net income (loss)	\$ (1,192)	\$ 721	\$ 70	\$ 203	\$ 11	\$ (187)
Basic loss per share						\$ (1.87)
Diluted loss per share						\$ (1.87)
Basic shares outstanding						100
Diluted shares outstanding						100

See accompanying notes to the unaudited pro forma condensed consolidated financial statements

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## DYNEGY INC.

## UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS

	Twelve Months Ended December 31, 2011					
	As Reported (k)	DMG Transfer/ Merger (b)	Deconsolidation of DNE (c)	Effects of Plan (d)	Fresh Start Adjustments	Pro Forma
	(in millions, except per share data)					
Revenues	\$ 1,437	\$ 197	\$ (104)	\$	\$ (82)(e)	\$ 1,448
Cost of sales	(931)	(101)	65		(133)(f)	(1,100)
Gross margin, exclusive of depreciation shown separately below	506	96	(39)		(215)	348
Operating and maintenance expense, exclusive of depreciation shown separately below	(364)	(65)	110		4(g)	(315)
Depreciation and amortization expense	(288)	(50)	(7)		224(h)	(121)
Impairment and other charges	(7)	5	2			
Gain on sale of assets	1		(1)			
General and administrative expenses	(102)	(44)			2(g)	(144)
Operating income (loss)	(254)	(58)	65		15	(232)
Bankruptcy reorganization charges	(666)		314	352		
Interest expense	(349)	(39)	1	248	13(i)	(126)
Debt extinguishment costs	(21)					(21)
Other income and expense, net	35	(31)				4
Income (loss) before income taxes	(1,255)	(128)	380	600	28	(375)
Income tax benefit (expense)	315				(315)(j)	
Net income (loss)	\$ (940)	\$ (128)	\$ 380	\$ 600	\$ (287)	\$ (375)
Basic loss per share						\$ (3.75)
Diluted loss per share						\$ (3.75)
Basic shares outstanding						100
Diluted shares outstanding						100

See accompanying notes to the unaudited pro forma condensed consolidated financial statements



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## DYNEGY INC.

## UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS

	Twelve Months Ended December 31, 2010		
	As Reported (k)	Deconsolidation of DNE (c) (in millions)	Pro Forma
Revenues	\$ 2,323	\$ (264)	\$ 2,059
Cost of sales	(1,181)	121	(1,060)
Gross margin, exclusive of depreciation shown separately below	1,142	(143)	999
Operating and maintenance expense, exclusive of depreciation shown separately below	(450)	120	(330)
Depreciation and amortization expense	(392)	(5)	(397)
Impairment and other charges	(148)	2	(146)
General and administrative expenses	(158)		(158)
Operating loss	(6)	(26)	(32)
Losses from unconsolidated investments	(62)		(62)
Interest expense	(363)		(363)
Other income and expense, net	4		4
Loss from continuing operations before income taxes	(427)	(26)	(453)
Income tax benefit	184	9(1)	193
Loss from continuing operations	\$ (243)	\$ (17)	\$ (260)

See accompanying notes to the unaudited pro forma condensed consolidated financial statements

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## DYNEGY INC.

## UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS

	Twelve Months Ended December 31, 2009		
	As Reported (k)	Deconsolidation of DNE (c) (in millions)	Pro Forma
Revenues	\$ 2,468	\$ (273)	\$ 2,195
Cost of sales	(1,194)	134	(1,060)
Gross margin, exclusive of depreciation shown separately below	1,274	(139)	1,135
Operating and maintenance expense, exclusive of depreciation shown separately below	(521)	123	(398)
Depreciation and amortization expense	(335)	8	(327)
Goodwill impairments	(433)		(433)
Impairment and other charges, exclusive of goodwill impairments separately above	(538)	212	(326)
Loss on sale of assets	(124)		(124)
General and administrative expenses	(159)		(159)
Operating loss	(836)	204	(632)
Losses from unconsolidated investments	(72)		(72)
Interest expense	(415)		(415)
Debt extinguishment costs	(46)		(46)
Other income and expense, net	10		10
Loss from continuing operations before income taxes	(1,359)	204	(1,155)
Income tax benefit	313	(71)(1)	242
Loss from continuing operations	\$ (1,046)	\$ 133	\$ (913)

See accompanying notes to the unaudited pro forma condensed consolidated financial statements

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**NOTES TO UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS**

(a) Represents our unaudited condensed consolidated statement of operations as reported in our Form 10-Q for the period ended September 30, 2012, as filed with the SEC on November 7, 2012.

(b) As previously discussed, we completed the DMG Transfer on September 1, 2011. Accordingly, the results of our Coal segment are only included in our 2011 consolidated results for the period from January 1, 2011 through August 31, 2011. The DMG Transfer adjustments in 2011 include the results of our Coal segment for the period from September 1, 2011 through December 1, 2011 and removes the interest income associated with the undertaking agreement between DH and Legacy Dynegy as the undertaking was issued in connection with the DMG Transfer and settled with the DMG Acquisition.

Furthermore, we completed the DMG Acquisition on June 5, 2012. Accordingly, the results of our Coal segment are only included in our 2012 consolidated results for the period from June 6, 2012 through September 30, 2012. The DMG Transfer adjustments in 2012 include the result of our Coal segment for the period from January 1, 2012 through June 5, 2012 and removes the interest income and the impairment of the undertaking receivable.

Additionally, we completed the Merger on September 30, 2012. These adjustments also include the results of operations related to Legacy Dynegy for all periods presented.

(c) As previously discussed, the DNE Debtor Entities did not emerge from protection under Chapter 11 of the Bankruptcy Code. Accordingly, the DNE Debtor Entities will be deconsolidated as of October 1, 2012. These adjustments remove the historical operating results of the DNE Debtor Entities for the periods presented.

(d) The Effects of Plan adjustments remove the bankruptcy reorganization charges incurred during the period presented. Furthermore, in 2011, the adjustments remove the interest expense associated with the senior notes and debentures that were settled in the bankruptcy process. No adjustment to interest expense was necessary in 2012 because we ceased accruing interest expense upon commencement of the DH Chapter 11 Cases on November 7, 2011.

(e) In connection with fresh start accounting, we are required to fair value intangible assets and liabilities, including certain contracts that have not historically been accounted for at market value. These adjustments reflect the amortization of intangible assets and liabilities related to capacity contracts, energy contracts and tolling agreements. Using an estimated average useful life of 3 to 52 months, we estimated the decrease in revenues to be \$61 million and \$82 million for the nine months ended September 30, 2012 and the year ended December 31, 2011, respectively.

(f) In connection with fresh start accounting, we are required to fair value intangible assets and liabilities, including certain contracts that have not historically been accounted for at market value. These adjustments reflect the amortization of intangible assets and

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liabilities related to coal and transportation contracts. Using an estimated average useful life of 3 to 39 months, the estimated increase to cost of sales is \$51 million and \$133 million for the nine months ended September 30, 2012 and the year ended December 31, 2011, respectively.

(g) Reflects the elimination of other postretirement employee benefit and pension expense amortized through accumulated other comprehensive income (loss).

(h) Amount represents the adjustment to depreciation expense as a result of changes to the value of property, plant and equipment upon the application of fresh start accounting. Using an estimated remaining useful life of 3 to 37 years, we estimated the decrease in depreciation expense to be \$97 million and \$224 million for the nine months ended September 30, 2012 and the year ended December 31, 2011, respectively.

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(i) Amount represents the adjustments to interest expense related to (i) the amortization of the premium based on the fair value of the Credit Agreements on October 1, 2012 and (ii) the elimination of historical amortization expense associated with the deferred financing costs and discounts related to the Credit Agreements.

(j) Our net deferred tax assets were fully reserved as of September 30, 2012 and December 31, 2011. Furthermore, we expect our net deferred tax assets will be fully reserved upon emergence. Therefore, we have adjusted our tax provision to show no tax benefit associated with the pro forma net loss for the periods presented.

(k) Represents our consolidated statement of operations for the period indicated as reported in the DH Form 10-K for the period ended December 31, 2011, as filed with the SEC on September 18, 2012.

(l) Represents the estimated tax impact related to the deconsolidation of the DNE Debtor Entities, calculated using the statutory rate of 35 percent.



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## UNAUDITED PRO FORMA CONDENSED CONSOLIDATED BALANCE SHEET

	As of September 30, 2012				
	As Reported (a)	Deconsolidation of DNE (b)	Effects of Plan (c) (in millions)	Fresh Start Adjustments	Pro Forma
<b>Current Assets</b>					
Cash and cash equivalents	\$ 677	\$ (22)	\$ (200)	\$	\$ 455
Restricted cash and investments	357				357
Accounts receivable, net	131				131
Inventory	125	(23)		1(d)	103
Assets from risk-management activities	563				563
Assets from risk-management activities, affiliate		2			2
Broker margin account	43				43
Intangible assets	211			58(e)	269
Prepayments and other current assets	124	(19)		(5)(f)	100
<b>Total current assets</b>	<b>2,231</b>	<b>(62)</b>	<b>(200)</b>	<b>54</b>	<b>2,023</b>
Property, plant and equipment, net	3,270			(202)(g)	3,068
Restricted cash and investments	289				289
Assets from risk-management activities	16				16
Intangible assets	96			33(e)	129
Other long-term assets	69			(16)(f)	53
<b>Total assets</b>	<b>\$ 5,971</b>	<b>\$ (62)</b>	<b>\$ (200)</b>	<b>\$ (131)</b>	<b>\$ 5,578</b>
<b>Current Liabilities</b>					
Accounts payable	\$ 92	\$	\$	\$	\$ 92
Accounts payable, affiliate		1			1
Accrued interest	1				1
Accrued liabilities and other current liabilities	133	(29)		(3)(h)	101
Liabilities from risk-management activities	625				625
Liabilities from risk-management activities, affiliate		3			3
Notes payable and current portion of long-term debt	16			20(i)	36
<b>Total current liabilities</b>	<b>867</b>	<b>(25)</b>		<b>17</b>	<b>859</b>
Liabilities subject to compromise	4,290	(50)	(4,240)		
Long-term debt	1,661			66(i)	1,727
Liabilities from risk-management activities	48				48
Other long-term liabilities	255	(30)		36(j)	261
<b>Total liabilities</b>	<b>7,121</b>	<b>(105)</b>	<b>(4,240)</b>	<b>119</b>	<b>2,895</b>
<b>Stockholders /Member s Equity (deficit)</b>					
Common stock, predecessor	1		(1)		
Common stock, successor			1		1
	5,159		(5,159)		

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Additional paid-in-capital, predecessor									
Additional paid-in-capital, successor				2,657					2,657
Warrants, successor				25					25
Accumulated other comprehensive loss, net of tax	(24)			24					
Accumulated equity (deficit)	(6,286)	43		6,493	(250)				
<b>Total stockholders equity (deficit)</b>	<b>(1,150)</b>	<b>43</b>		<b>4,040</b>	<b>(250)</b>				<b>2,683</b>
<b>Total liabilities and stockholders equity (deficit)</b>	<b>\$ 5,971</b>	<b>\$ (62)</b>		<b>\$ (200)</b>	<b>\$ (131)</b>				<b>\$ 5,578</b>

See accompanying notes to the unaudited pro forma condensed consolidated financial statements

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**NOTES TO UNAUDITED PRO FORMA CONDENSED CONSOLIDATED BALANCE SHEET**

(a) Represents our unaudited condensed consolidated balance sheet as reported in our Form 10-Q for the period ended September 30, 2012, as filed with the SEC on November 7, 2012.

(b) Reflects the deconsolidation of the DNE Debtor Entities as of October 1, 2012. As discussed above, the DNE Debtor Entities did not emerge from protection under Chapter 11 of the Bankruptcy Code; therefore, the DNE Debtor Entities will be deconsolidated as of October 1, 2012. These adjustments (i) remove the balances associated with the DNE Debtor Entities from our September 30, 2012 balance sheet; (ii) impair the \$13 million note receivable, which is included in Prepayments and other current assets, related to the debtor-in-possession financing provided by us to the DNE Debtor Entities; and (iii) moves balances related to service agreements and risk management activities to affiliate accounts.

(c) Represents amounts recorded for the implementation of the Plan on the Effective Date. This includes the settlement of liabilities subject to compromise through a cash payment of approximately \$200 million, the authorization and distribution of New Common Stock and Warrants, and the cancellation of the Old Common Stock. Additionally, these adjustments remove the historical accumulated deficit of the predecessor. The following reflects the calculation of the total pre-tax gain (amounts in millions):

Liabilities subject to compromise	\$	4,240
Less: Common stock, successor (at par)		(1)
Additional paid-in-capital, successor		(2,657)
Warrants, successor		(25)
Cash payment		(200)
Total pre-tax gain	\$	1,357

(d) Reflects fair value adjustments related to material and supplies inventory.

(e) Reflects the fair value adjustment for short-term and long-term identifiable intangible assets of \$58 million and \$33 million, respectively. These contracts consist of in-the-money capacity contracts, tolling agreements and rail transportation contracts.

(f) Reflects the adjustments to eliminate historical short-term and long-term deferred financing costs of \$5 million and \$16 million, respectively.

(g) Represents the adjustment required to present property, plant and equipment at its estimated fair value of approximately \$3.1 billion as of October 1, 2012.

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(h) Represents the fair value adjustment needed to record transportation and coal contracts included in accrued liabilities and other current liabilities at fair value.

(i) Reflects the amounts required to present the debt at its estimated fair value. The amount has been allocated between the current portion of long-term debt and long-term debt based on the principal amounts and amortization of the premium expected to occur over the next twelve months.

(j) Reflects the fair value adjustment to other long-term liabilities which is comprised of a \$41 million increase in our pension liabilities and a \$2 million increase in our asset retirement obligations, partially offset by a \$7 million decrease in liabilities related to the long-term portion of unfavorable contracts as discussed in (h) above.

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**DIVIDEND POLICY**

We have paid no cash dividends on our common stock and have no current intention of doing so. Any future determination to pay cash dividends will be at the discretion of our Board, subject to applicable limitations under Delaware law, and will be dependent upon our results of operations, financial condition, contractual restrictions and other factors deemed relevant by our Board.

Table of Contents**MANAGEMENT****Board of Directors**

Set forth below are the name, age, position and a description of the business experience and certain other past and present directorships of each of our directors as of February 12, 2013.

<b>Director</b>	<b>Position(s)</b>	<b>Age as of February 12, 2013</b>	<b>Served with Dynegy Since</b>
Pat Wood, III	Chairman	50	2012
Robert C. Flexon	Director, President and Chief Executive Officer	54	2011
Hilary E. Ackermann	Director	56	2012
Paul M. Barbas	Director	56	2012
Richard Lee Kuersteiner	Director	73	2012
Jeffrey S. Stein	Director	43	2012
John R. Sult	Director	53	2012

**Pat Wood, III** became a member of our Board on October 1, 2012. Mr. Wood is serving as the Board's non-executive Chairman and has served as a principal of Wood3 Resources, an energy infrastructure developer, since July 2005. From 2001 until July 2005, Mr. Wood served as chairman of the Federal Energy Regulatory Commission. From 1995 until 2001, he chaired the Public Utility Commission of Texas. Prior to 1995, Mr. Wood was an attorney with Baker & Botts, a global law firm, and an associate project engineer with Arco Indonesia, an oil and gas company, in Jakarta. Mr. Wood currently also serves on the boards of directors of Quanta Services Inc. and SunPower Corp.

**Robert C. Flexon** has served as the Company's President and Chief Executive Officer since July 2011 and a director of the Company since June 2011. Prior to joining the Company, Mr. Flexon served as the Chief Financial Officer of UGI Corporation, a distributor and marketer of energy products and related services from February 2011 to July 2011. Mr. Flexon was the Chief Executive Officer of Foster Wheeler AG from June 2010 until October 2010 and the President and Chief Executive Officer of Foster Wheeler USA from November 2009 until May 2010. Prior to joining Foster Wheeler, Mr. Flexon was Executive Vice President and Chief Financial Officer of NRG Energy, Inc. from February 2009 until November 2009. Mr. Flexon previously served as Executive Vice President and Chief Operating Officer of NRG Energy from March 2008 until February 2009 and as its Executive Vice President and Chief Financial Officer from 2004 to March 2008. Prior to joining NRG Energy, Mr. Flexon held executive positions with Hercules, Inc. and various key positions, including General Auditor, with Atlantic Richfield Company. Mr. Flexon served on the board of directors of Foster Wheeler from 2006 until 2009 and from May 2010 until October 2010.

**Hilary E. Ackermann** became a member of our Board on October 1, 2012. Ms. Ackermann was Chief Risk Officer with Goldman Sachs Bank USA from October 2008 to 2011. In this role, she managed Credit, Market and Operational Risk for Goldman Sachs's commercial bank; developed the bank's risk management infrastructure including policies and procedures and processes; maintained ongoing relationship with bank regulators including New York Fed, NY State Banking Department and the FDIC; chaired Operational risk, Credit risk and Middle Market Loan Committees; served as Vice Chair of Bank Risk Committee; was a member of Community Investment, Business Standards and New Activities Committees; was a member of GS Group level Credit Policy and Capital Committees; and chaired GS Group level Operational Risk Committee. Ms. Ackermann served as Managing Director, Credit Department of Goldman, Sachs & Co. from January 2002 until October 2008, as VP, Credit Department from 1989 to 2001, and as an Associate in the Credit Department from 1985 to 1988. Prior to joining Goldman, Sachs, Ms. Ackermann served as Assistant Department Head of Swiss Bank Corporation from 1981 until 1985.



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**Paul M. Barbas** became a member of our Board on October 1, 2012. Prior to joining the Company, Mr. Barbas was President and Chief Executive Officer of DPL Inc. and its principal subsidiary, The Dayton Power and Light Company (DP&L), from October 2006 until December 2011. He also served on the board of directors of DPL Inc. and DP&L. He previously served as Executive Vice President and Chief Operating Officer of Chesapeake Utilities Corporation, a diversified utility company engaged in natural gas distribution, transmission and marketing, propane gas distribution and wholesale marketing and other related services from 2005 until October 2006, as Executive Vice President from 2004 until 2005, and as President of Chesapeake Service Company and Vice President of Chesapeake Utilities Corporation, from 2003 until 2004. From 2001 until 2003, he was Executive Vice President of Allegheny Power, responsible for the operational and strategic functions of a \$2.7 billion company serving 1.6 million customers with 3,200 employees. He joined Allegheny Energy in 1999 as President of its Ventures unit.

**Richard Lee Kuersteiner** became a member of our Board on October 1, 2012. Mr. Kuersteiner was a member of the Franklin Templeton Investments legal department in San Mateo, California from 1990 until May 2012. Mr. Kuersteiner has a strong interest in good corporate governance practices and is a long-standing member of the Stanford Institutional Investors Forum. At Franklin he served in various capacities including as Associate General Counsel and Director of Restructuring and Managing Corporate Counsel. For many years he also was an officer of virtually all of the Franklin, Templeton and Mutual Series funds. In February 2010 when R H Donnelley Corporation emerged from Chapter 11 bankruptcy as Dex One Corporation, he joined its board of directors and is currently a member of the Audit and Finance Committee, the Compensation and Benefits Committee and Chair of the Corporate Governance Committee. Additionally, Mr. Kuersteiner is a director of each of the nine wholly-owned Dex One subsidiaries.

**Jeffrey S. Stein** became a member of our Board on October 1, 2012. Mr. Stein is a Co-Founder and Managing Partner of Power Capital Partners LLC a private equity firm founded in January 2011. Mr. Stein is an investment professional with over 19 years of experience in the high yield, distressed debt and special situations asset class who has substantial experience investing in the merchant power and regulated electric utility industries. He has invested in numerous power companies representing a broad array of power plants diversified by fuel source, position on the dispatch curve, geographic location and technology. In addition, Mr. Stein has been actively involved in the hedging, refinancing, restructuring and sale of various power assets. Previously Mr. Stein was a Co-Founder and Principal of Durham Asset Management LLC, a global event-driven distressed debt and special situations asset management firm. From January 2003 through December 2009, Mr. Stein served as the Co-Director of Research at Durham responsible for the identification, evaluation and management of investments for the various Durham portfolios. From July 1997 to December 2002, Mr. Stein was a Director at The Delaware Bay Company, Inc. From September 1991 to August 1995, Mr. Stein was an Associate at Shearson Lehman Brothers in the Capital Preservation & Restructuring Group. Mr. Stein currently serves on the boards of Directors of Granite Ridge Holdings, LLC, and US Power Generating Company. Mr. Stein previously served as a member of the board of directors of KGen Power Corporation.

**John R. Sult** became a member of our Board on October 1, 2012. Mr. Sult was Executive Vice President and Chief Financial Officer of El Paso Corporation from March 2010 until May 2012. He previously served as Senior Vice President and Chief Financial Officer from November 2009 until March 2010, and as Senior Vice President and Controller from November 2005 until November 2009. Mr. Sult served as Executive Vice President and Chief Financial Officer and director of El Paso Pipeline GP Company, L.L.C. from July 2010 until May 2012, as Senior Vice President and Chief Financial Officer from November 2009 until July 2010, and as Senior Vice President, Chief Financial Officer and Controller from August 2007 until November 2009. Mr. Sult also served as Chief Accounting Officer of El Paso Corporation and as Senior Vice President, Chief Financial Officer and Controller of El Paso's Pipeline Group from November 2005 to November 2009. Prior to joining El Paso, Mr. Sult served as Vice President and Controller of Halliburton Energy Services from August 2004 until October 2005. Prior to joining Halliburton, Mr. Sult managed an independent consulting practice that provided a broad range of finance and accounting advisory services and assistance to public companies in the energy industry. Prior to private practice, Mr. Sult was an audit partner with Arthur Andersen



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LLP where he gained over 20 years of experience working with public and private companies in the energy industry. Mr. Sult currently serves on the private board of directors of Melior Technology Inc.

**Executive Officers**

The following table sets forth the name and positions of our executive officers as of February 12, 2013, together with their ages and period of service with us.

<b>Executive Officer</b>	<b>Position</b>	<b>Age as of February 12, 2013</b>	<b>Served with Dynergy Since</b>
Robert C. Flexon	President and Chief Executive Officer	54	2011
Clint C. Freeland	Executive Vice President and Chief Financial Officer	44	2011
Carolyn J. Burke	Executive Vice President and Chief Administrative Officer	45	2011
Catherine B. Callaway	Executive Vice President, General Counsel and Chief Compliance Officer	47	2011
Henry D. Jones	Executive Vice President and Chief Commercial Officer	52	2013
Mario E. Alonso	Vice President, Strategic Development	41	2001

The executive officers named above will serve in such capacities until the next annual meeting of our Board, or until their respective successors have been duly elected and qualified, or until their earlier death, resignation, disqualification or removal from office.

**Robert C. Flexon** has served as our President and Chief Executive Officer since July 2011 and a director of Dynergy since June 2011. Prior to joining Dynergy, Mr. Flexon served as the Chief Financial Officer of UGI Corporation, a distributor and marketer of energy products and related services since February 2011. Mr. Flexon was the Chief Executive Officer of Foster Wheeler AG from June 2010 until October 2010 and the President and Chief Executive Officer of Foster Wheeler USA from November 2009 until May 2010. Prior to joining Foster Wheeler, Mr. Flexon was Executive Vice President and Chief Financial Officer of NRG Energy, Inc. from February 2009 until November 2009. Mr. Flexon previously served as Executive Vice President and Chief Operating Officer of NRG Energy from March 2008 until February 2009 and as its Executive Vice President and Chief Financial Officer from 2004 to 2008. Prior to joining NRG Energy, Mr. Flexon held executive positions with Hercules, Inc. and various key positions, including General Auditor, with Atlantic Richfield Company. Mr. Flexon served on the board of directors of Foster Wheeler from 2006 until 2009 and from May 2010 until October 2010.

**Clint C. Freeland** has served as our Executive Vice President and Chief Financial Officer since July 2011. Mr. Freeland is responsible for our financial affairs, including finance and accounting, treasury, tax and banking and credit agency relationships. Prior to joining Dynergy, Mr. Freeland served as Senior Vice President, Strategy & Financial Structure of NRG Energy since February 2009. Mr. Freeland served as NRG Energy's Senior Vice President and Chief Financial Officer from February 2008 to February 2009 and its Vice President

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and Treasurer from April 2006 to February 2008. Prior to joining NRG, Mr. Freeland held various key financial roles within the energy sector.

**Carolyn J. Burke** has served as our Executive Vice President and Chief Administrative Officer since August 2011. Ms. Burke is responsible for managing key corporate functions including Information Technology, Human Resources, Investor Relations and communications. In addition, Ms. Burke oversees our cost savings initiative known as PRIDE. Prior to joining Dynegy, Ms. Burke served as Global Controller for J.P. Morgan's Global Commodities business since March 2008. Ms. Burke served as NRG Energy's Vice President and Corporate Controller from September 2006 to March 2008 and its Executive Director of Planning and Analysis from April 2004 to September 2006. Prior to joining NRG, Ms. Burke held various key financial roles at Yale University, the University of Pennsylvania and at Atlantic Richfield Company (now British Petroleum).

**Catherine B. Callaway** has served as our Executive Vice President and General Counsel since September 2011 and Chief Compliance Officer since June 2012. Ms. Callaway is responsible for managing all legal affairs, including legal services supporting Dynegy's operational, commercial and corporate areas, as well as ethics and compliance. Prior to joining Dynegy, Ms. Callaway served as General Counsel for NRG Gulf Coast and Reliant Energy since August 2011. Ms. Callaway served as General Counsel for NRG Texas and Reliant Energy from August 2010 to August 2011 and as General Counsel for NRG Texas from November 2007 to August 2010. Prior to joining NRG, Ms. Callaway held various key legal roles at Calpine Corporation, Reliant Energy, The Coastal Corporation and Chevron.

**Henry D. Jones** is expected to begin serving as our Executive Vice President and Chief Commercial Officer no later than May 2, 2013. Mr. Jones will be responsible for Dynegy's commercial and asset management functions for its power generation business. In addition, Mr. Jones will lead a team that develops and executes both hedging and term contracting options for the entire fleet. He will report to Robert C. Flexon, Dynegy's President and Chief Executive Officer, and serve on the executive management team. Prior to joining Dynegy, Mr. Jones served as Managing Director, North American Power and Gas Sales, and Origination at Deutsche Bank since May 2010, and managed Deutsche Bank's North American Power and Gas trading activity since August 2012. Prior to joining Deutsche Bank, Mr. Jones was the Chief Operating Officer and Head of Trading at EDF Trading North America from August 2009 to February 2010, Head of Electricity Trading at EDF Trading Markets Limited from August 2008 to July 2009, and Director of Renewable Fuels Trading from July 2007 to July 2008.

**Mario E. Alonso** has served as our Vice President, Strategic Development since June 2012 and is a member of Dynegy's Executive Management Team. Mr. Alonso is responsible for leading the Company's strategic planning and corporate development activities. Mr. Alonso most recently served as Vice President and Treasurer from July 2011 to June 2012. He previously served as Vice President Strategic Planning from December 2008 to July 2011 and as Managing Director Strategic Planning from June 2007 to December 2008. Prior to June 2007, Mr. Alonso served in various roles within the Company's Strategic Planning and Treasury Departments. Prior to joining Dynegy in 2001, Mr. Alonso was with Enron Corporation commencing in 1999.

**Governance Documents**

On October 30, 2012, our Board unanimously adopted amended and restated Corporate Governance Guidelines. The Corporate Governance Guidelines, which were developed and recommended by the Corporate Governance and Nominating Committee, are posted in the Corporate Governance section of our web site at [www.dynegy.com](http://www.dynegy.com). The Corporate Governance Guidelines and the documents listed below are also available upon request to our Corporate Secretary.

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- Third Amended and Restated Certificate of Incorporation;
- Fourth Amended and Restated Bylaws;
- Code of Business Conduct and Ethics;
- Code of Ethics for Senior Financial Professionals;
- Related Party Transactions Policy;
- Complaint and Reporting Procedures for Accounting and Auditing Matters (Whistleblower Policy);
- Policy for Communications with Directors;

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- Audit Committee Charter;
- Compensation and Human Resources Committee Charter;
- Corporate Governance and Nominating Committee Charter; and
- Finance and Commercial Oversight Committee Charter.

**Corporate Governance Guidelines**

Our Corporate Governance Guidelines govern the qualifications and conduct of our Board. The Corporate Governance Guidelines address, among other things:

- The independence and other qualifications of our Board members, with respect to which we require that at least 75% of our Board members be independent of Dynegy and our management;
- The requirement that any director nominee in an uncontested election who receives a greater number of votes withheld for his or her election than votes for such election must offer his or her resignation to our Board;
- The regular meetings of our non-employee and independent directors and the role and duties of the Chairman of our Board;
- The nomination of persons for election to our Board;
- The evaluation of performance of our Board and its committees;
- Our expectation that our Board members will attend all annual stockholder meetings;

- Compensation of our Board and stock ownership guidelines for non-employee directors;
- The Chairman of our Board, or Chairman, and Chief Executive Officer positions;
- The approval of the compensation of the Chief Executive Officer;
- The review of development and succession plans for the Chief Executive Officer and other executive officers;
- The review of performance-based compensation of our senior executives following a restatement that impacts the achievement of performance targets relating to that compensation; and
- The Company's policy on pledging Company securities.

#### **Code of Business Conduct and Ethics**

Our Code of Business Conduct and Ethics applies to all of our directors, officers and employees. The key principles of this code include acting legally and ethically, notifying appropriate persons upon becoming aware of issues, obtaining confidential advice and dealing fairly with our stakeholders.

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**Code of Ethics for Senior Financial Professionals**

Our Code of Ethics for Senior Financial Professionals applies to our Chief Executive Officer, Chief Financial Officer, Controller and other designated senior financial professionals. The key principles of this code include acting legally and ethically, promoting honest business conduct and providing timely and meaningful financial disclosures to our stockholders.

**Complaint and Reporting Procedures for Accounting and Auditing Matters**

Our Complaint and Reporting Procedures for Accounting and Auditing Matters provide for (1) the receipt, retention and treatment of complaints, reports and concerns regarding accounting, internal accounting controls or auditing matters, and (2) the confidential, anonymous submission of complaints, reports and concerns by employees regarding questionable accounting or auditing matters, in each case relating to Dynegy. Complaints may be made through a toll-free Integrity Helpline telephone number, operated by an independent third-party, and a dedicated email address. Complaints received are logged by the Ethics and Compliance Office, communicated to the chairman of our Audit Committee, and investigated, under the supervision of our Audit Committee, by our Internal Audit department or Ethics and Compliance Office. In accordance with applicable law, these procedures prohibit us from taking adverse action against any person submitting a good faith complaint, report or concern.

**Policy for Communications with Directors**

Our Policy for Communications with Directors provides a means for stockholders and other interested parties to communicate with the Board. Under this policy stockholders and other interested parties may communicate with the Board or specific members of the Board by sending a letter to Dynegy Inc., Communications with Directors, Attn: Secretary, 601 Travis, Suite 1400, Houston, Texas 77002.

**Director Attendance at Annual Meeting**

As detailed in our Corporate Governance Guidelines, Board members are requested and encouraged to attend the Annual Meeting.

**Board Leadership Structure; Separation of Positions of Chairman and Chief Executive Officer**

As discussed in our Corporate Governance Guidelines, the Board believes the position of the Chairman should be held by a non-management director and not by the Chief Executive Officer. Upon recommendation of the Corporate Governance and Nominating Committee, the Board may review the policy from time to time to assess whether it continues to serve the best interests of the Company and the stockholders.

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Since July 11, 2011, Mr. Flexon has served as our President and Chief Executive Officer, replacing E. Hunter Harrison. Mr. Harrison then resumed his role as an independent director and served as non-executive Chairman of the Board. Effective December 16, 2011, Mr. Harrison resigned from his position on the Board and the Board appointed Thomas W. Elward as non-executive Chairman of the Board. Effective September 30, 2012, Mr. Elward resigned as Chairman of the Board and as a member of the Board. The Board appointed Mr. Wood as non-executive Chairman of the Board effective October 1, 2012.

Mr. Flexon, as President and Chief Executive Officer, is responsible for setting the strategic direction for the Company and the day-to-day leadership and performance of the Company, while Mr. Wood, as Chairman, provides overall leadership to the Board in its oversight function and presides over all sessions of the Board.

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**Director Independence**

Our Board is comprised of seven directors, six of which are independent directors as defined in the NYSE Listed Company Manual.

**Committees**

**Committee Composition.** The current members of each of the committees of the Board, as well as the current Chairman of each of the committees of the Board, are identified in the following paragraphs.

**Audit Committee.** The Audit Committee, is comprised of John Sult (Chairman), Hilary Ackermann, and Paul Barbas. Each member of the Audit Committee is independent as defined in the NYSE Listed Company Manual. The Audit Committee assists the Board in its oversight of the integrity of our financial statements, our compliance with legal and regulatory requirements and our Code of Business Conduct and Ethics, our independent auditors' qualifications and independence and the performance of our internal audit function, the business ethics and compliance function and the independent auditors.

**Compensation and Human Resources Committee.** The Compensation Committee is comprised of Paul Barbas (Chairman), Richard Kuersteiner and Jeffrey Stein. Each member of the Compensation Committee is independent as defined in the NYSE Listed Company Manual. The purpose of the Compensation Committee is to assist our Board in fulfilling the Board's oversight responsibilities on matters relating to executive compensation, oversee our overall compensation strategy and our equity-based compensation plans, prepare the annual Compensation Committee report required by the rules of the SEC and review and discuss with our management the Compensation Discussion and Analysis to be included in our annual proxy statement to stockholders. The Compensation Committee does not assist the Board with respect to director compensation, which is the responsibility of the Corporate Governance and Nominating Committee. For more information regarding the role and scope of authority of the Compensation Committee in determining executive compensation, see Item 11 Executive Compensation contained in Dynegy's Annual Report on form 10-K/A for the fiscal year ended December 31, 2011 which is incorporated by reference herein.

**Corporate Governance and Nominating Committee.** The Corporate Governance and Nominating Committee is comprised of Richard Kuersteiner (Chairman), Jeffrey Stein, and Pat Wood. Each member of the Nominating Committee is independent as defined in the NYSE Listed Company Manual. The Nominating Committee is responsible for identifying director nominees, assisting the Board with respect to director



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compensation, developing and reviewing our Corporate Governance Guidelines, succession planning and overseeing the evaluation of the Board and management.

***Finance and Commercial Oversight Committee.*** The Finance and Commercial Oversight Committee is comprised of Hilary Ackermann (Chairman), Jeffery Stein and John Sult. The Finance and Commercial Oversight Committee is responsible for oversight of the Company's capital structure, financing and treasury matters and oversight of management's process for the identification, evaluation and mitigation of financial and commercial-related risks to the Company.

**Compensation Committee Interlocks and Insider Participation**

The Compensation and Human Resources Committee is currently comprised of Paul Barbas (Chairman), Richard Kuersteiner and Jeffrey Stein. None of these members is a current or former officer or employee of Dynegy or any of its subsidiaries, is involved in any relationship requiring disclosure as an interlocking executive officer or director, or had any relationship requiring disclosure under Item 404 of Regulation S-K.

Table of Contents**PRINCIPAL STOCKHOLDERS**

The following table sets forth information as of February 12, 2013 regarding the beneficial ownership of our common stock by:

- each of our directors;
- each of our named executive officers;
- each holder of more than 5% of our outstanding shares of common stock; and
- all of our directors and executive officers as a group.

Beneficial ownership for the purposes of this table is determined in accordance with the rules and regulations of the SEC. These rules generally provide that a person is the beneficial owner of securities if such person has or shares the power to vote or direct the voting thereof, or to dispose or direct the disposition thereof or has the right to acquire such powers within 60 days. Common stock subject to options that are currently exercisable or exercisable within 60 days of February 12, 2013 is deemed to be outstanding and beneficially owned by the person holding the options and common stock issuable upon vesting of restricted stock units that are vested or will vest within 60 days of February 12, 2013 is deemed to be outstanding and beneficially owned by the person holding the restricted stock units. These shares, however, are not deemed outstanding for the purposes of computing the percentage ownership of any other person. Percentage of beneficial ownership is based on 100,000,000 shares of common stock outstanding as of February 12, 2013. Except as disclosed in the footnotes to this table, we believe that each stockholder identified in the table possesses sole voting and investment power over all shares of common stock shown as beneficially owned by the stockholder.

All percentages and share amounts are approximate based on current information available to us. The information available to us may be incomplete.

Unless otherwise noted, the address for each person listed on the table is c/o Dynegy Inc., 601 Travis, Suite 1400, Houston, Texas 77002. The address for Franklin Advisers, Inc. is One Franklin Parkway, San Mateo, California 94403.

Name	Amount and Nature of Shares Beneficially Owned (1)	
	Number	Percent of Class
<b>5% Stockholders</b>		
Franklin Advisers, Inc. (2)	32,931,493	32.4%
Luminus Management, LLC	9,720,083	9.7%
Geveran Investments Limited	7,330,571	7.3%
Oaktree Capital Management, LP	7,233,893	7.2%
JPMorgan Chase & Co.	5,100,060	5.1%
<b>Executive Officers and Directors</b>		
Robert C. Flexon (3)	18,679	*
Clint C. Freeland (4)	3,873	*

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Catherine B. Callaway (5)	1,232	*
Carolyn J. Burke (6)	1,081	*
Mario E. Alonso (7)	448	*
Henry D. Jones		*
Pat Wood, III (8)	10,000	*
Hilary E. Ackermann (9)		*
Paul M. Barbas (10)		*
Richard Lee Kuersteiner (11)		*
John R. Sult (12)		*
Jeffrey S. Stein (13)		*
All executive officers and directors as a group (12 persons) (**)	35,313	*

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\* Less than 1%.

(1) Shares shown in the table above include shares held in the beneficial owner's name or jointly with others, or in the name of a bank, nominee or trustee for the beneficial owner's account.

(2) These shares include 1,544,050 shares issuable on the exercise of the Warrants. Notwithstanding the foregoing, a holder may not exercise any Warrant if it would cause such holder's beneficial ownership of our common stock and any other of our equity securities on parity (with respect to dividends) with such common stock (when aggregated with that of any of the holder's affiliates) to require the prior permission (including the expiration of applicable waiting periods) of any governmental or regulatory authority applicable to us, unless we and such holder have made all filings and registrations with, and obtained such permission (including the expiration of any such waiting periods) from, any such governmental and regulatory authorities, as are necessary or advisable.

FAV, an indirectly wholly owned subsidiary of Franklin Resources, Inc. ( FRI ), is the beneficial owner of these shares for purposes of Rule 13d-3 under the Exchange Act in its capacity as the investment adviser to various investment companies registered under Section 8 of the Investment Company Act of 1940 and other accounts. When an investment management contract (including a sub-advisory agreement) delegates to FAV investment discretion or voting power over the securities held in the investment advisory accounts that are subject to that agreement, FRI treats FAV as having sole investment discretion or voting authority, as the case may be, unless the agreement specifies otherwise. Accordingly, FAV reports for purposes of section 13(d) of the Exchange Act that it has sole investment discretion and voting authority over the securities covered by any such investment management agreement, unless otherwise specifically noted.

(3) Includes 5,337 shares issuable upon the exercise of the Warrants. As of February 12, 2013, Mr. Flexon also holds 105,281 restricted stock units and 273,059 options, each granted pursuant to Dynegy's 2012 Long-Term Incentive Plan (the Dynegy LTIP ) and vesting ratably over three years, with the first vesting period taking place on the first anniversary of the grant date.

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(4) Includes 1,055 shares issuable on the exercise of the Warrants. As of February 12, 2013, Mr. Freeland also holds 27,073 restricted stock units and 70,215 options, each granted pursuant to the Dynegy LTIP and vesting ratably over three years, with the first vesting period taking place on the first anniversary of the grant date.

(5) Includes 1,158 shares issuable on the exercise of the Warrants. As of February 12, 2013, Ms. Callaway also holds 27,073 restricted stock units, and 70,215 options, each granted pursuant to the Dynegy LTIP and vesting ratably over three years, with the first vesting period taking place on the first anniversary of the grant date.

(6) Includes 1,016 shares issuable on the exercise of the Warrants. As of February 12, 2013, Ms. Burke also holds 27,073 restricted stock units, and 70,215 options, each granted pursuant to the Dynegy LTIP and vesting ratably over three years, with the first vesting period taking place on the first anniversary of the grant date.

(7) Includes 421 shares issuable on the exercise of the Warrants. As of February 12, 2013, Mr. Alonso also holds 4,071 restricted stock units, and 10,559 options, each granted pursuant to the Dynegy LTIP and vesting ratably over three years, with the first vesting period taking place on the first anniversary of the grant date. Mr. Alonso also holds 11,324 units of phantom stock, which are solely payable in cash.

(8) As of February 12, 2013, Mr. Wood also holds 7,019 restricted stock units granted pursuant to the Dynegy LTIP, which vest on May 21, 2013.

(9) As of February 12, 2013, Ms. Ackermann also holds 4,011 restricted stock units granted pursuant to the Dynegy LTIP, which vest on May 21, 2013.

(10) As of February 12, 2013, Mr. Barbas also holds 4,011 restricted stock units granted pursuant to the Dynegy LTIP, which vest on May 21, 2013.

(11) As of February 12, 2013, Mr. Kuersteiner also holds 4,011 restricted stock units granted pursuant to the Dynegy LTIP, which vest on May 21, 2013.

(12) As of February 12, 2013, Mr. Sult also holds 4,011 restricted stock units granted pursuant to the Dynegy LTIP, which vest on May 21, 2013.

(13) As of February 12, 2013, Mr. Stein also holds 4,011 restricted stock units granted pursuant to the Dynegy LTIP, which vest on May 21, 2013.

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**SELLING STOCKHOLDER**

The following table sets forth information as of February 12, 2013 regarding the beneficial ownership of our common stock immediately prior to and as adjusted to give effect to this offering by the selling stockholder.

In connection with our Plan, we have filed with the SEC a registration statement on Form S-1 under the Securities Act, of which this prospectus forms a part, to register resales of certain shares of common stock that we issued in connection with our emergence from bankruptcy.

The common stock is being registered to permit public sales of the common stock by the selling stockholder. The selling stockholder may offer the common stock for resale from time to time pursuant to this prospectus. However, the selling stockholder is under no obligation to sell any of the common stock offered pursuant to this prospectus.

All information with respect to common stock ownership of the selling stockholder has been furnished by or on behalf of the selling stockholder and is as of February 12, 2013. We believe, based on information supplied by the selling stockholder, that except as may otherwise be indicated in the footnotes to the table below, the selling stockholder has sole voting and dispositive power with respect to the common stock reported as beneficially owned by it. Because the selling stockholder may sell all, part or none of the common stock it holds, no estimates can be given as to the number of shares of common stock that the selling stockholder will hold upon termination of any offering made hereby. In addition, the selling stockholder may have sold, transferred or otherwise disposed of, or may sell, transfer or otherwise dispose of, at any time and from time to time, the common stock it holds in transactions exempt from the registration requirements of the Securities Act after the date on which it provided the information set forth on the table below. For purposes of the table below, however, we have assumed that after termination of this offering, none of the shares of common stock offered by this prospectus will be held by the selling stockholder.

The following table sets forth the name of the selling stockholder, the number of shares of common stock beneficially owned by it as of February 12, 2013, the number of shares of common stock being offered by it, the number of shares of common stock the selling stockholder will beneficially own if it sells all of the common stock being registered and the selling stockholder's percentage beneficial ownership of our total outstanding common stock if all of the common stock in the offering is sold. As used in this prospectus, "selling stockholder" includes the successors-in-interest, donees, transferees or others who may later hold the selling stockholder's interests.

Except as provided in the footnotes to the following table and the section titled "Related Party Transactions and Material Relationships with Selling Stockholder," the selling stockholder has not had any position with, held any office of or had any other material relationship with us or our affiliates during the past three years.

Beneficial ownership for the purposes of this table is determined in accordance with the rules and regulations of the SEC. These rules generally provide that a person is the beneficial owner of securities if such person has or shares the power to vote or direct the voting thereof, or to dispose or direct the disposition thereof or has the right to acquire such powers within 60 days. Common stock subject to options or issuable upon exercise of warrants that are currently exercisable or exercisable within 60 days of February 12, 2013 is deemed to be outstanding and beneficially owned by the person holding the options or warrants. These shares, however, are not deemed outstanding for the purposes of computing the percentage ownership of any other person. Percentage of beneficial ownership is based on 100,000,000 shares of common stock outstanding as of February 12, 2013. Except as disclosed in the footnotes to this table, we believe that the stockholder identified in the table

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below possesses sole voting and investment power over all shares of common stock shown as beneficially owned by the stockholder.

All percentages and share amounts are approximate based on current information available to us. The information available to us may be incomplete.



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Name	Shares Beneficially Owned Prior to This Offering (1)		Maximum Number of Shares Offered	Shares Beneficially Owned After This Offering	
	Number	Percent of Class		Number	Percent of Class
<b>Selling Stockholder</b>					
Franklin Advisers, Inc. (2)	32,931,493	32.4%	32,931,493	*	*

\* Less than 1%.

(1) Shares shown in the table above include shares held in the beneficial owner's name or jointly with others, or in the name of a bank, nominee or trustee for the beneficial owner's account. The calculation of this percentage assumes the acquisition by the selling stockholder of all shares that may be acquired upon exercise of warrants to purchase shares of common stock.

(2) These shares include 1,544,050 shares issuable on the exercise of the Warrants. Notwithstanding the foregoing, a holder may not exercise any Warrant if it would cause such holder's beneficial ownership of our common stock and any other of our equity securities on parity (with respect to dividends) with such common stock (when aggregated with that of any of the holder's affiliates) to require the prior permission (including the expiration of applicable waiting periods) of any governmental or regulatory authority applicable to us, unless we and such holder have made all filings and registrations with, and obtained such permission (including the expiration of any such waiting periods) from, any such governmental and regulatory authorities, as are necessary or advisable.

FAV, an indirectly wholly owned subsidiary of FRI, is the beneficial owner of these shares for purposes of Rule 13d-3 under the Exchange Act in its capacity as the investment adviser to various investment companies registered under Section 8 of the Investment Company Act of 1940 and other accounts. When an investment management contract (including a sub-advisory agreement) delegates to FAV investment discretion or voting power over the securities held in the investment advisory accounts that are subject to that agreement, FRI treats FAV as having sole investment discretion or voting authority, as the case may be, unless the agreement specifies otherwise. Accordingly, FAV reports for purposes of section 13(d) of the Exchange Act that it has sole investment discretion and voting authority over the securities covered by any such investment management agreement, unless otherwise specifically noted.

Edward Perks is a natural person who serves as Senior Vice President of FAV and who, in that capacity, makes voting and investment decisions with respect to the shares beneficially owned by FAV. FAV's address is One Franklin Parkway, Building 920, San Mateo, California 94403.

FAV is not a broker-dealer. Franklin/Templeton Distributors, Inc., Franklin Templeton Financial Services Corp. and Templeton/Franklin Investment Services, Inc. are registered broker-dealers that, together with FAV, are subsidiaries of FRI, but they do not beneficially own any of our shares. The selling stockholder acquired the unsecured notes, lease guaranty claims and Old Common Stock, which it exchanged for the common stock and Warrants pursuant to the Plan, in the ordinary course of business and, at the time such notes, claims and Old Common Stock were acquired, the selling stockholder had no agreements, plans or understandings, either directly or indirectly, with any person to distribute them.

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**RELATED PARTY TRANSACTIONS AND MATERIAL RELATIONSHIPS WITH THE SELLING STOCKHOLDER**

*Registration Rights Agreement.* We entered into a registration rights agreement (the "Registration Rights Agreement") with FAV. Pursuant to the Registration Rights Agreement, among other things, we are required to use reasonable best efforts to file within 90 days after the Plan Effective Date a registration statement on any permitted form that qualifies (the "Shelf"), and is available for, the resale of "Registrable Securities", as defined below, with the SEC in accordance with and pursuant to Rule 415 promulgated under the Securities Act. Registrable Securities are shares of our common stock, par value \$0.01 per share issued or issuable on or after the Plan Effective Date to any of the original parties to the Registration Rights Agreement, including, without limitation, upon the conversion of our outstanding Warrants, and any securities paid, issued or distributed in respect of any such new common stock, but excluding shares of common stock acquired in the open market after the Plan Effective Date.

At any time prior to the five year anniversary of the Plan Effective Date and from time to time after the later of (i) when the Shelf has been declared effective by the SEC and (ii) 210 days after the Plan Effective Date, any one or more holders of Registrable Securities may request to sell all or any portion of their Registrable Securities in an underwritten offering, provided that such holder or holders will be entitled to make such demand only if the total offering price of the Registrable Securities to be sold in such offering is reasonably expected to exceed 5% of the market value of our then issued and outstanding common stock or the total offering price is reasonably expected to exceed \$250 million. We are not obligated to effect more than two such underwritten offerings during any period of twelve consecutive months after the Plan Effective Date and are not obligated to effect such an underwritten offering within 120 days after the pricing of a previous underwritten offering. In addition, holders of Registrable Securities may request to sell all or any portion of their Registrable Securities in a non-underwritten offering by providing notice to the Company no later than two business days (or in certain circumstances five business days) prior to the expected date of such an offering, subject to certain exceptions provided for in the Registration Rights Agreement.

When we propose to offer shares in an underwritten offering whether for our own account or the account of others, holders of Registrable Securities will be entitled to request that their Registrable Securities be included in such offering, subject to specific exceptions.

Upon Dynegy becoming a well-known seasoned issuer, we are required to promptly register the sale of all of the Registrable Securities under an automatic shelf registration statement, and to cause such registration statement to remain effective thereafter until there are no longer Registrable Securities.

The registration rights granted in the Registration Rights Agreement are subject to customary indemnification and contribution provisions, as well as customary restrictions such as minimums, blackout periods and, if a registration is for an underwritten offering, limitations on the number of shares to be included in the underwritten offering may be imposed by the managing underwriter. Registrable Securities shall cease to constitute Registrable Securities upon the earliest to occur of: (i) the date on which such securities are disposed of pursuant to an effective registration statement under the Securities Act; (ii) the date on which such securities are disposed of pursuant to Rule 144 (or any successor provision) promulgated under the Securities Act; (iii) with respect to the Registrable Securities held by any Holder (as defined in the Registration Rights Agreement), any time that such Holder Beneficially Owns (as defined in Rule 13d-3 under the Exchange Act) Registrable Securities representing less than 1% of the then outstanding new common stock and is permitted to sell such Registrable Securities under Rule 144(b)(1); and (iv) the date on which such securities cease to be outstanding.

The foregoing description of the Registration Rights Agreement does not purport to be complete and is qualified in its entirety by reference to the full text of the Registration Rights Agreement attached hereto as Exhibit 10.1.



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Pursuant to the Plan, our Board has seven members who were selected by a committee of representatives from certain creditor groups, including FAV and certain of its clients. Mr. Kuersteiner, one of the directors that the committee selected, was a former employee of FRI. Mr. Kuersteiner is no longer affiliated with FRI or the Franklin Entities and is not their representative on our Board.

On the Plan Effective Date and in accordance with the terms of the Plan, Former Creditors received distributions of our new common stock as well as a cash payment. The former holders of the Old Common Stock also received distributions of new common stock and the Warrants. Unsecured notes and lease guaranty claims beneficially owned by one or more clients of FAV were exchanged for the new common stock pursuant to the Plan. Such liabilities were cancelled and annulled under the Plan. In addition, certain of those clients received the Warrants on account of the administrative claim held by those clients, as former holders of Old Common Stock, which was extinguished, cancelled and discharged on the effective date of the Plan. The selling stockholder and such clients received the common stock and Warrants not with a view to distribute. At the time of the acquisition of the unsecured notes and lease guaranty claims and Old Common Stock, none of the selling stockholder, its clients or affiliates had any agreement or understanding, directly or indirectly, with any person to distribute such securities.

FAV is not a broker-dealer. Franklin/Templeton Distributors, Inc., Franklin Templeton Financial Services Corp. and Templeton/Franklin Investment Services, Inc. are registered broker-dealers that, together with FAV, are subsidiaries of FRI, but they do not beneficially own any of our shares. The selling stockholder acquired the unsecured notes, lease guaranty claims and Old Common Stock, which it exchanged for the common stock and Warrants pursuant to the Plan, in the ordinary course of business and, at the time such notes, claims and Old Common Stock were acquired, the selling stockholder had no agreements, plans or understandings, either directly or indirectly, with any person to distribute them.

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**DESCRIPTION OF CAPITAL STOCK**

The following summary of the terms of our capital stock is not meant to be complete and is qualified in its entirety by reference to our third amended and restated certificate of incorporation, our fourth amended and restated bylaws and the provisions of applicable law. Copies of our third amended and restated certificate of incorporation and our fourth amended and restated bylaws are filed as exhibits to our Current Report on Form 8-K filed with the SEC on October 4, 2012 and incorporated herein by reference.

**Authorized Capital Stock upon Emergence**

We have the authority to issue a total of 440,000,000 shares of capital stock, consisting of:

- 420,000,000 shares of common stock; and
- 20,000,000 shares of preferred stock.

**Common Stock**

The rights, preferences and privileges of holders of our common stock are subject to, and may be adversely affected by, the rights of the holders of shares of any series of our preferred stock which we may designate and issue in the future.

*Dividend Rights.* Subject to the rights of holders of preferred stock of any series that may be issued from time to time, and as otherwise provided by the third amended and restated certificate of incorporation, holders of Common Stock shall be entitled to receive such dividends and other distributions in cash, stock of any corporation or of our property as may be declared by the Board from time to time out of assets or funds of the Company legally available for dividends and other distributions, and shall share equally on a per share basis in all such dividends and other distributions.

*Liquidation Rights.* In the event of any liquidation, dissolution or winding up of Dynegy, the holders of our common stock will be entitled to share in the net assets of Dynegy available after the payment of all debts and other liabilities and subject to the prior rights of any outstanding class of our preferred stock.

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*Preemptive Rights.* Pursuant to our third amended and restated certificate of incorporation, the holders of our common stock have no preemptive rights.

*Conversion Rights.* Shares of our common stock are not convertible.

*Voting Rights.* Subject to the rights of the holders of any series of our preferred stock, each outstanding share of our common stock is entitled to one vote on all matters submitted to a vote of stockholders.

*Board of Directors.* Holders of common stock do not have cumulative voting rights with respect to the election of directors. At any meeting to elect directors by holders of our common stock, the presence, in person or by proxy, of the holders of a majority of the voting power of shares of capital stock then outstanding shall constitute a quorum for such election. Directors shall be elected by a plurality of the votes of the shares present and entitled to vote on the election of directors, except for directors whom the holders of preferred stock have the right to elect, if any.

### **Warrants to Purchase Common Stock**

Pursuant to the Plan, Dynegy issued Warrants to purchase shares of new common stock to holders of shares of its Old Common Stock, which were cancelled pursuant to the Plan. The Warrants became exercisable at any time after the date of issuance and have an exercise

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price of \$40.00 per share. Each of the Warrants expires five years after the date of issuance. The Warrants provide for a cashless exercise by the Warrant holder. The exercise price of the Warrants and the number of shares issuable upon exercise of the Warrants are subject to adjustment upon certain events including: stock subdivisions, combinations, splits, stock dividends, capital reorganizations, or capital reclassifications of common stock and in connection with certain distributions of cash, assets or securities. The Warrants are not redeemable.

**Preferred Stock**

Under the terms of our third amended and restated certificate of incorporation, the Board is authorized to issue from time to time up to an aggregate of 20,000,000 shares of preferred stock and to fix or alter the designations, preferences, rights and any qualifications, limitations or restrictions of the shares of each series, including the dividend rights, dividend rates, conversion rights, voting rights, rights and terms of redemption (including sinking fund provisions), redemption price or prices, liquidation preferences and the number of shares constituting any series. These additional shares may be used for a variety of corporate purposes, including future public offerings, to raise additional capital or to facilitate acquisitions. If the Board decides to issue shares of preferred stock to persons supportive of current management, this could render it more difficult or discourage an attempt to obtain control of Dynegy by means of a merger, tender offer, proxy contest or otherwise. Authorized but unissued shares of preferred stock also could be used to dilute the stock ownership of persons seeking to obtain control of Dynegy. To the extent required by 11 U.S.C. § 1123(a)(6), Dynegy is prohibited from issuing shares of nonvoting equity securities (within the meaning of such statute).

**Certain Anti-Takeover Effects**

*Provisions of Delaware Law.* We are a Delaware corporation. In our third amended and restated certificate of incorporation, we elected not to be subject to the provisions of Section 203 of the DGCL regulating corporate takeovers. In general, Section 203 prohibits Delaware corporations, including those whose securities are listed for trading on the NYSE, from engaging in any business combination with any interested stockholder for a period of three years following the date that the stockholder became an interested stockholder, unless:

- the transaction is approved by the Board before the date the interested stockholder attained that status;
  
- 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 of the corporation outstanding at the time the transaction commenced; or
  
- on or after such time the business combination is approved by the Board and authorized at a meeting of stockholders by at least two-thirds of the outstanding voting stock that is not owned by the interested stockholder.

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. However, Section 203 is not applicable to us.

*Advance Notice Procedures.* Our fourth amended and restated bylaws establish an advance notice procedure for stockholder proposals to be brought before an annual meeting of stockholders, including proposed nominations of persons for election to the Board. Stockholders at an annual meeting will only be able to consider proposals or nominations specified in the notice of meeting or brought before the meeting by or at the direction of the Board or by a stockholder who was a stockholder of record on the record date for the meeting, who is entitled to vote at the meeting and who has given our corporate secretary timely written notice, in proper form, of the stockholder's intention to bring that business before the meeting. Although the bylaws will not give the Board the power to approve or disapprove stockholder nominations of candidates or proposals regarding other business to be conducted at a special or annual meeting, the bylaws may have the effect of precluding the



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conduct of certain business at a meeting if the proper procedures are not followed or may discourage or deter a potential acquiror from conducting a solicitation of proxies to elect its own slate of directors or otherwise attempting to obtain control of the company.

*Action by Written Consent; Special Meetings of Stockholders.* Our fourth amended and restated bylaws provide that stockholder action can be taken at an annual or special meeting of stockholders or by written consent in lieu of a meeting. Our third amended and restated certificate of incorporation and the bylaws provide that, except as otherwise required by law, special meetings of the stockholders can only be called by the chairman of the board, the chief executive officer, the president, a majority of the Board, or the holders of at least 20 percent of all the outstanding shares entitled to vote on the matter for which the meeting is being held. The Board may postpone or reschedule any meeting previously scheduled by the chairman of the Board, the Board, chief executive officer, or president.

*Authorized but Unissued Shares.* Our authorized but unissued shares of common stock and preferred stock will be available for future issuance without stockholder approval, subject to the rules and regulations of the NYSE or any applicable exchange. These additional shares may be utilized for a variety of corporate purposes, including future public offerings to raise additional capital, corporate acquisitions and employee benefit plans. The existence of authorized but unissued shares of common stock and preferred stock could render more difficult or discourage an attempt to obtain control of a majority of our common stock by means of a proxy contest, tender offer, merger or otherwise.

**Transfer Agent and Registrar**

Computershare Shareholder Services LLC is the transfer agent and registrar for our common stock.

**Listing of Our Common Stock**

Currently, our common stock is listed on the NYSE under the trading symbol DYN.

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**SHARES ELIGIBLE FOR FUTURE SALE**

Future sales of substantial amounts of our common stock in the public market, or the perception that such sales may occur, could adversely affect the prevailing market price of our common stock. No prediction can be made as to the effect, if any, future sales of shares, or the availability of shares for future sales, will have on the market price of our common stock prevailing from time to time.

**Sale of Restricted Shares**

As of February 12, 2013, we had 100,000,000 shares of common stock outstanding (excluding the shares underlying the Warrants). Except as set forth below, all shares of our common stock outstanding after this offering will be freely tradable without restriction or further registration under the Securities Act unless held by one of our affiliates, as that term is defined in Rule 144 under the Securities Act. Unless otherwise registered under the Securities Act, sales of shares of our common stock by affiliates will be subject to the volume limitations and other restrictions set forth in Rule 144.

**Common Stock and Warrants Issued in Reliance on Section 1145 of the Bankruptcy Code**

We relied on Section 1145(a)(1) and (2) to exempt from the registration requirements of the Securities Act the offer and sale of our common stock, as well as the Warrants. Section 1145(a)(1) exempts the offer and sale of securities under the Plan from registration under Section 5 of the Securities Act and state laws if certain requirements are satisfied. Section 1145(a)(2) exempts the offer of securities through and the sale of any securities upon the exercise of any warrant, option, right to subscribe or conversion privilege issued under Section 1145(a)(1), such as the shares of our common stock issuable upon exercise of the Warrants, from registration under Section 5 of the Securities Act and state laws if certain requirements are satisfied. 100,000,000 shares of our common stock issued pursuant to the Plan, the Warrants and the 15,606,936 shares of our common stock issuable upon exercise of such Warrants may be resold without registration unless the seller is an underwriter with respect to those securities. Section 1145(b)(1) defines an underwriter as any person who:

- purchases a claim against, an interest in, or a claim for an administrative expense against the debtor, if that purchase is with a view to distributing any security received in exchange for such a claim or interest;
  
- offers to sell securities offered under the Plan for the holders of those securities;
  
- offers to buy those securities from the holders of the securities, if the offer to buy is (i) with a view to distributing those securities; and (ii) under an agreement made in connection with the Plan, the completion of the Plan, or with the offer or sale of securities under the Plan; or

- is an affiliate of the issuer.

To the extent a person is deemed to be an underwriter, resales by such person would not be exempted by Section 1145 from registration under the Securities Act or other applicable law. Those persons would, however, be permitted to sell our common stock or other securities without registration if they are able to comply with the provisions of Rule 144, as described further below.

#### **Rule 144**

As noted above, persons deemed underwriters under Section 1145 may be permitted to sell our common stock without registration if they comply with the provisions of Rule 144. Commencing on April 1, 2013, assuming we remain current in our reporting obligations under the Exchange Act, and commencing on October 1, 2013, if we do not, these securities may be sold under Rule 144 subject in the case of holders that are affiliates to restrictions on volume and manner of sale. In general, under Rule 144 a person (or persons whose

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shares are aggregated) will be entitled to sell in any three-month period a number of shares that does not exceed the greater of: (i) 1% of the number of shares of our common stock then outstanding or (ii) the average weekly trading volume of our common stock on the NYSE during the four calendar weeks immediately preceding the date on which the notice of sale is filed with the SEC. Sales pursuant to Rule 144 are subject to requirements relating to manner of sale, notice and availability of current public information about us. A person (or persons whose shares are aggregated) who is not deemed to be an affiliate of ours during the three months preceding the sale, and who has beneficially owned restricted securities for at least one year, is entitled to sell such shares without regard to the limitations and requirements described above.

**Stock Options and Other Stock Awards**

The Plan contemplates the adoption of a new management incentive plan under which shares of our common stock, or options or other awards to purchase shares of common stock, can be issued to our directors, management and other employees. Under the Dynegy LTIP, 6,084,576 shares of common stock have been reserved for issuance, and as of February 12, 2013, we have awarded 687,813 stock options and 292,274 restricted stock units to certain of our employees and non-employee directors. On October 25, 2012 we filed a registration statement on Form S-8 covering all of the shares of common stock reserved for issuance under the Dynegy LTIP, and such shares will be freely tradable in the public market as soon as issued subject to certain limitations applicable to affiliates and any restrictions applicable to the vesting of awards.

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**PLAN OF DISTRIBUTION**

We are registering 32,931,493 shares of our common stock for possible sale by the selling stockholder. Unless the context otherwise requires, as used in this prospectus, "selling stockholder" includes the selling stockholder named in the table above and donees, pledgees, transferees or other successors-in-interest selling shares received from the selling stockholder as a gift, pledge, partnership distribution or other transfer after the date of this prospectus.

The selling stockholder may offer and sell all or a portion of the shares covered by this prospectus from time to time, in one or more or any combination of the following transactions:

- on the NYSE, in the over-the-counter market or on any other national securities exchange on which our shares are listed or traded;
- in exchange distributions in accordance with the applicable exchange rules;
- in privately negotiated transactions;
- in underwritten transactions;
- in block trades in which a broker-dealer will attempt to sell the offered shares as agent but may position and resell a portion of the block as principal to facilitate the transaction;
- through purchases by a broker-dealer as principal and resale by the broker-dealer for its account pursuant to this prospectus;
- in ordinary brokerage transactions and transactions in which the broker solicits purchasers;
- through the writing of options (including put or call options), whether the options are listed on an options exchange or otherwise;
- through loans or pledges of the securities to a broker-dealer or an affiliate thereof; and

- by entering into transactions with third parties who may (or may cause others to) issue securities convertible or exchangeable into, or the return of which is derived in whole or in part from the value of, our common stock.

The selling stockholder may sell the shares at fixed prices that may be changed, at prices then prevailing or related to the then current market price or at negotiated prices. The offering price of the shares from time to time will be determined by the selling stockholder and, at the time of the determination, may be higher or lower than the market price of our common stock on the NYSE or any other exchange or market.

The shares may be sold directly or through broker-dealers acting as principal or agent, or pursuant to a distribution by one or more underwriters on a firm commitment or best-efforts basis. The selling stockholder may also enter into hedging transactions with broker-dealers. In connection with such transactions, broker-dealers of other financial institutions may engage in short sales of our common stock in the course of hedging the positions they assume with the selling stockholder. The selling stockholder may also enter into options or other transactions with broker-dealers or other financial institutions which require the delivery to such broker-dealer or other financial institution of shares offered by this prospectus, which shares such broker-dealer or other financial institution may resell pursuant to this prospectus (as supplemented or amended to reflect such transaction). In connection with an underwritten offering, underwriters or agents may receive compensation in the form of discounts, concessions or commissions from the selling stockholder or from purchasers of the offered shares for whom they may act as agents. In addition, underwriters may sell the shares to or through

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dealers, and those dealers may receive compensation in the form of discounts, concessions or commissions from the underwriters and/or commissions from the purchasers for whom they may act as agents. The selling stockholder and any underwriters, dealers or agents participating in a distribution of the shares may be deemed to be underwriters within the meaning of the Securities Act, and any profit on the sale of the shares by the selling stockholder and any commissions received by broker-dealers may be deemed to be underwriting commissions under the Securities Act.

The selling stockholder may agree to indemnify an underwriter, broker-dealer or agent against certain liabilities related to the selling of the common stock, including liabilities arising under the Securities Act. Under the registration rights agreement, we have agreed to indemnify the selling stockholder against certain liabilities related to the sale of the common stock, including certain liabilities arising under the Securities Act. Under the registration rights agreement, we have also agreed to pay the costs, expenses and fees of registering the shares of common stock; however, the selling stockholder will pay any underwriting discounts or commissions relating to the sale of the shares of common stock in any underwritten offering.

The selling stockholder has advised us that it has not entered into any agreements, understandings or arrangements with any underwriters or broker-dealers regarding the sale of its shares. Upon our notification by the selling stockholder that any material arrangement has been entered into with an underwriter or broker-dealer for the sale of shares through a block trade, special offering, exchange distribution, secondary distribution or a purchase by an underwriter or broker-dealer, we will file a supplement to this prospectus, if required, pursuant to Rule 424(b) under the Securities Act, disclosing certain material information, including:

- the name of the selling stockholder;
  
- the number of shares being offered;
  
- the terms of the offering;
  
- the names of the participating underwriters, broker-dealers or agents;
  
- any discounts, commissions or other compensation paid to underwriters or broker-dealers and any discounts, commissions or concessions allowed or re-allowed or paid by any underwriters to dealers;
  
- the public offering price; and
  
- other material terms of the offering.

In addition, upon being notified by the selling stockholder that a donee, pledgee, transferee or other successor-in-interest intends to sell more than 500 shares, we will, to the extent required, promptly file a supplement to this prospectus to name specifically such person as a selling stockholder.

The selling stockholder is subject to the applicable provisions of the Exchange Act, and the rules and regulations under the Exchange Act, including Regulation M. This regulation may limit the timing of purchases and sales of any of the shares of common stock offered in this prospectus by the selling stockholder. The anti-manipulation rules under the Exchange Act may apply to sales of shares in the market and to the activities of the selling stockholder and its affiliates. Furthermore, Regulation M may restrict the ability of any person engaged in the distribution of the shares to engage in market-making activities for the particular securities being distributed for a period of up to five business days before the distribution. The restrictions may affect the marketability of the shares and the ability of any person or entity to engage in market-making activities for the shares.



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To the extent required, this prospectus may be amended and/or supplemented from time to time to describe a specific plan of distribution. Instead of selling the shares of common stock under this prospectus, the selling stockholder may sell the shares of common stock in compliance with the provisions of Rule 144 under the Securities Act, if available, or pursuant to other available exemptions from the registration requirements of the Securities Act.

Under the securities laws of some states, if applicable, the securities registered hereby may be sold in those states only through registered or licensed brokers or dealers. In addition, in some states such securities may not be sold unless they have been registered or qualified for sale or an exemption from registration or qualification requirements is available and is complied with.

We cannot assure you that the selling stockholder will sell all or any portion of our common stock offered hereby.

This offering will terminate on the date that all shares offered by this prospectus have been sold by the selling stockholder.

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**EXPERTS**

Ernst & Young LLP, independent registered public accounting firm, has audited the consolidated financial statements and schedule of DH included in its Annual Report on Form 10-K for the year ended December, 31, 2011, as set forth in their report (which contains an explanatory paragraph describing conditions that raised substantial doubt about DH's ability to continue as a going concern), which is incorporated by reference in this prospectus and elsewhere in the registration statement. DH's financial statements and schedule are incorporated by reference in reliance on Ernst & Young LLP's report, given on their authority as experts in accounting and auditing.

Ernst & Young LLP, independent registered public accounting firm, has audited the consolidated financial statements of DH for the period from November 8, 2011 to December 31, 2011, as set forth in their report (which contains an explanatory paragraph describing conditions that raised substantial doubt about DH's ability to continue as a going concern), which is included in our Annual Report on Form 10-K/A filed on December 10, 2012,, and is incorporated by reference in this prospectus and elsewhere in the registration statement. DH's financial statements are incorporated by reference in reliance on Ernst & Young LLP's report, given on their authority as experts in accounting and auditing.

Ernst & Young LLP, independent registered public accounting firm, has audited the consolidated financial statements and schedules of Dynegy Inc. at December 31, 2011 and 2010, and for each of the three years in the period ended December 31, 2011, as set forth in their report. We have included these financial statements and schedules in this prospectus and elsewhere in the registration statement in reliance on Ernst & Young LLP's report, given on their authority as experts in accounting and auditing.

**LEGAL MATTERS**

White & Case LLP, New York, New York, will pass upon the validity of the common stock offered in this offering.

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**ANNEX A: FINANCIAL STATEMENTS RELATING TO LEGACY DYNEGY**

**DYNEGY INC.**

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**Report of Independent Registered Public Accounting Firm**

The Board of Directors and Stockholders

Dynegy Inc.

We have audited the accompanying consolidated balance sheets of Dynegy Inc. as of December 31, 2011 and 2010, and the related consolidated statements of operations, comprehensive loss, changes in stockholders' equity and cash flows for each of the three years in the period ended December 31, 2011. Our audits also included the financial statement schedules listed in the Index at Item 15(a). These financial statements and schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedules based on our audits.

We conducted our audits 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. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Dynegy Inc. at December 31, 2011 and 2010, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2011, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedules, when considered in relation to the basic financial statements taken as a whole, present fairly in all material respects the information set forth therein.

As discussed in Note 16 to the consolidated financial statements, effective January 1, 2010 the Company adopted authoritative guidance issued by the Financial Accounting Standards Board for variable interest entities.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Dynegy Inc.'s internal control over financial reporting as of December 31, 2011, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 8, 2012 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Houston, Texas

March 8, 2012



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## DYNEGY INC.

## CONSOLIDATED BALANCE SHEETS

(in millions, except share data)

	December 31, 2011	December 31, 2010
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 396	\$ 291
Restricted cash and investments	69	81
Short-term investments		106
Accounts receivable, net of allowance for doubtful accounts of \$19 and \$32, respectively	6	230
Accounts receivable, affiliates	47	1
Inventory	57	121
Assets from risk-management activities	65	1,199
Assets from risk-management activities, affiliates	4	
Deferred income taxes	5	12
Broker margin account	10	80
Prepayments and other current assets	13	123
<b>Total Current Assets</b>	<b>672</b>	<b>2,244</b>
<b>Property, Plant and Equipment</b>	<b>4,878</b>	<b>8,593</b>
Accumulated depreciation	(1,544)	(2,320)
<b>Property, Plant and Equipment, Net</b>	<b>3,334</b>	<b>6,273</b>
<b>Other Assets</b>		
Unconsolidated investment (Note 15)		
Restricted cash and investments	103	859
Assets from risk-management activities	1	72
Assets from risk-management activities, affiliates	3	
Intangible assets		141
Other long-term assets	14	424
<b>Total Assets</b>	<b>\$ 4,127</b>	<b>\$ 10,013</b>
<b>LIABILITIES AND STOCKHOLDERS EQUITY</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 15	\$ 134
Accounts payable, affiliates	26	
Accrued interest		36
Accrued interest, affiliates	8	
Accrued liabilities and other current liabilities	40	109
Liabilities from risk-management activities	64	1,138
Liabilities from risk-management activities, affiliates	2	
Current portion of long-term debt	4	148
<b>Total Current Liabilities</b>	<b>159</b>	<b>1,565</b>
Long-term debt	584	4,426
Long-term debt to affiliates	1,250	200
<b>Long-Term Debt</b>	<b>1,834</b>	<b>4,626</b>
<b>Other Liabilities</b>		
Accounts payable, affiliates	870	
Liabilities from risk-management activities	2	99
Deferred income taxes	5	641
Other long-term liabilities	145	336
<b>Total Liabilities</b>	<b>3,015</b>	<b>7,267</b>
<b>Commitments and Contingencies (Note 23)</b>		

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**Stockholders Equity**

Common Stock, \$0.01 par value, 420,000,000 shares authorized at December 31, 2011 and December 31, 2010; 123,585,877 shares and 121,687,198 shares issued and outstanding at December 31, 2011 and December 31, 2010, respectively	1	1
Additional paid-in capital	6,077	6,067
Subscriptions receivable	(2)	(2)
Accumulated other comprehensive loss, net of tax	(53)	(53)
Accumulated deficit	(4,841)	(3,196)
Treasury stock, at cost, 731,407 shares and 628,014 shares at December 31, 2011 and December 31, 2010, respectively	(70)	(71)
<b>Total Stockholders Equity</b>	1,112	2,746
<b>Total Liabilities and Stockholders Equity</b>	\$ 4,127	\$ 10,013

See the notes to the consolidated financial statements.

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## DYNEGY INC.

## CONSOLIDATED STATEMENTS OF OPERATIONS

(in millions, except per share data)

	Year Ended December 31,		
	2011	2010	2009
Revenues	\$ 1,585	\$ 2,323	\$ 2,468
Cost of sales	(963)	(1,181)	(1,194)
Gross margin, exclusive of depreciation shown separately below	622	1,142	1,274
Operating and maintenance expense, exclusive of depreciation shown separately below	(393)	(450)	(519)
Depreciation and amortization expense	(325)	(392)	(335)
Goodwill impairments			(433)
Impairment and other charges, exclusive of goodwill impairments shown separately above	(6)	(148)	(538)
Gain (loss) on sale of assets, net	1		(124)
General and administrative expenses	(135)	(163)	(159)
Operating loss	(236)	(11)	(834)
Losses from unconsolidated investments		(62)	(71)
Loss on deconsolidation of DH (Note 3)	(1,657)		
Interest expense	(357)	(363)	(415)
Debt extinguishment costs	(21)		(46)
Other income and expense, net	(6)	4	11
Loss from continuing operations before income taxes	(2,277)	(432)	(1,355)
Income tax benefit	632	197	315
Loss from continuing operations	(1,645)	(235)	(1,040)
Income (loss) from discontinued operations, net of tax benefit (expense) of zero, zero and \$121, respectively (Note 5)		1	(222)
Net loss	(1,645)	(234)	(1,262)
Less: Net loss attributable to the noncontrolling interests			(15)
Net loss attributable to Dynegy Inc.	\$ (1,645)	\$ (234)	\$ (1,247)
<b>Earnings (Loss) Per Share (Note 22):</b>			
Basic earnings (loss) per share attributable to Dynegy Inc.:			
Earnings (loss) from continuing operations	\$ (13.48)	\$ (1.96)	\$ (6.25)
Income (loss) from discontinued operations		0.01	(1.35)
Basic earnings (loss) per share attributable to Dynegy Inc.	\$ (13.48)	\$ (1.95)	\$ (7.60)
Diluted earnings (loss) per share attributable to Dynegy Inc.:			
Earnings (loss) from continuing operations	\$ (13.48)	\$ (1.96)	\$ (6.25)
Income (loss) from discontinued operations		0.01	(1.35)
Diluted earnings (loss) per share attributable to Dynegy Inc.	\$ (13.48)	\$ (1.95)	\$ (7.60)
Basic shares outstanding	122	120	164
Diluted shares outstanding	122	121	165

See the notes to the consolidated financial statements.



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## DYNEGY INC.

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

(in millions)

	Year Ended December 31,		
	2011	2010	2009
Net loss	\$ (1,645)	\$ (234)	\$ (1,262)
Cash flow hedging activities, net:			
Unrealized mark-to-market gains arising during period, net			166
Reclassification of mark-to-market (gains) losses to earnings, net	(1)		1
Deferred losses on cash flow hedges, net			(11)
Changes in cash flow hedging activities, net (net of tax benefit (expense) of \$1, zero, and \$(24), respectively)	(1)		156
Actuarial gain and amortization of unrecognized prior service cost (net of tax expense of \$(1), \$(1), and \$(8), respectively)	1	3	7
Unconsolidated investment other comprehensive loss, net (net of tax benefit (expense) of zero, \$(11) and \$17, respectively)		17	24
Other comprehensive income, net of tax		20	187
Comprehensive loss	(1,645)	(214)	(1,075)
Less: Comprehensive income attributable to the noncontrolling interests			107
Comprehensive loss attributable to Dynegy Inc.	\$ (1,645)	\$ (214)	\$ (1,182)

See the notes to the consolidated financial statements.

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## DYNEGY INC.

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(in millions)

	Year Ended December 31,		
	2011	2010	2009
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Net loss	\$ (1,645)	\$ (234)	\$ (1,262)
Adjustments to reconcile loss to net cash flows from operating activities:			
Depreciation and amortization	346	408	359
Goodwill impairments			433
Loss on deconsolidation of DH	1,657		
Impairment and other charges, exclusive of goodwill impairments shown separately above	12	136	796
Losses from unconsolidated investments, net of cash distributions		62	72
Risk-management activities	157	(19)	180
Risk management activities, affiliates	5		
Loss (gain) on sale of assets, net	(1)		218
Deferred taxes	(632)	(195)	(436)
Debt extinguishment costs	21		46
Other	43	73	84
Changes in working capital:			
Accounts receivable	49	(16)	66
Inventory	(3)	16	7
Broker margin account	(74)	290	(201)
Prepayments and other assets	(1)	(8)	15
Accounts payable and accrued liabilities	105	(18)	(112)
Affiliate transactions	16		
Changes in non-current assets	(77)	(67)	(119)
Changes in non-current liabilities	2	(5)	(11)
Net cash provided by (used in) operating activities	(20)	423	135
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Capital expenditures	(242)	(333)	(612)
Deconsolidation of DH	(303)		
Unconsolidated investments		(15)	1
Proceeds from asset sales, net			652
Maturities of short-term investments	475	317	
Purchases of short-term investments	(284)	(508)	
Decrease (increase) in restricted cash	88	(3)	190
Other investing, net	12	8	20
Net cash provided by (used in) investing activities	(254)	(534)	251
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Proceeds from long-term borrowings, net of financing costs	2,020	(6)	328
Repayments of borrowings	(1,624)	(63)	(890)
Debt extinguishment costs	(21)		(46)
Net proceeds from issuance of capital stock	3		
Other financing, net	1		
Net cash provided by (used in) financing activities	379	(69)	(608)
Net increase (decrease) in cash and cash equivalents	105	(180)	(222)
Cash and cash equivalents, beginning of period	291	471	693
Cash and cash equivalents, end of period	\$ 396	\$ 291	\$ 471

See the notes to the consolidated financial statements.

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DYNEGY INC.

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS EQUITY

(in millions)

	Common Stock	Additional Paid-In Capital	Subscriptions Receivable	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Treasury Stock	Total Controlling Interests	Noncontrolling Interests	Total
December 31, 2008	\$ 3	\$ 6,490	\$ (2)	\$ (215)	\$ (1,690)	\$ (71)	\$ 4,515	\$ (30)	\$ 4,485
Net loss					(1,247)		(1,247)	(15)	(1,262)
Other comprehensive income, net of tax				65					