RALPH LAUREN CORP
Form 4
October 16, 2014

FORM 4

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

OMB APPROVAL

OMB Number:	3235-0287
Expires:	January 31, 2005
Estimated average burden hours per response...	0.5

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. *See* Instruction 1(b).

(Print or Type Responses)

1. Name and Address of Reporting Person *
Lauren Family, L.L.C.

(Last) (First) (Middle)

C/O CBIZ MHM, LLC., 1065 AVENUE OF THE AMERICAS - 12TH FLOOR

(Street)

NEW YORK, NY 10018

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
RALPH LAUREN CORP [RL]

3. Date of Earliest Transaction (Month/Day/Year)
10/14/2014

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

_____ Director
__X__ 10% Owner
_____ Officer (give title below)
_____ Other (specify below)

6. Individual or Joint/Group Filing(Check Applicable Line)
___ Form filed by One Reporting Person
_X_ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Class A Common Stock	10/14/2014		S[(1)]		13,022	D	$ 157.53 [(2)]	86,978	D [(3)]	
Class A Common Stock	10/14/2014		S[(1)]		9,679	D	$ 158.22 [(4)]	77,299	D [(3)]	
Class A Common Stock	10/14/2014		S[(1)]		2,299	D	$ 158.72 [(5)]	75,000	D [(3)]	
Class A	10/15/2014		S[(1)]		6,115	D	$	68,885	D [(3)]	

Common Stock					154.37 (6)			
Class A Common Stock	10/15/2014	S(1)	12,010	D	$ 155.17 (7)	56,875	D (3)	
Class A Common Stock	10/15/2014	S(1)	4,675	D	$ 156.25 (8)	52,200	D (3)	
Class A Common Stock	10/15/2014	S(1)	2,200	D	$ 156.95 (9)	50,000	D (3)	
Class A Common Stock						7,970	D (10)	

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Underlying Securities (Instr. 3 and 4)		8. Price of Derivative Security (Instr. 5)	9. Nu Deriv Secur Bene Owne Follo Repo Trans (Instr
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares		

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Lauren Family, L.L.C. C/O CBIZ MHM, LLC. 1065 AVENUE OF THE AMERICAS - 12TH FLOOR NEW YORK, NY 10018		X		

Lauren David R.
RALPH LAUREN CORPORATION
650 MADISON AVENUE
NEW YORK, NY 10022

X

Signatures

/s/ Craig L. Smith, Attorney-in-Fact for Andrew Lauren, Manager of Lauren Family, L.L.C. — 10/16/2014

**Signature of Reporting Person — Date

/s/ Craig L. Smith, Attorney-in-Fact for David Lauren, Manager of Lauren Family, L.L.C. — 10/16/2014

**Signature of Reporting Person — Date

/s/ Craig L. Smith, Attorney-in-Fact for Dylan Lauren, Manager of Lauren Family, L.L.C. — 10/16/2014

**Signature of Reporting Person — Date

/s/ Craig L. Smith, Attorney-in-Fact for David Lauren — 10/16/2014

**Signature of Reporting Person — Date

Explanation of Responses:

***** If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

****** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) These sales were made pursuant to a Rule 10b5-1 sales plan in connection with a long-term strategy for estate planning.

(2) The price reported in Column 4 is a weighted average price. These shares were sold in multiple transactions at prices ranging from $156.91 to $157.90, inclusive. The reporting persons undertake to provide to the Issuer, any security holder of the Issuer, or the staff of the Securities and Exchange Commission, upon request, full information regarding the number of shares sold at each separate price within the ranges set forth in footnote (2) and footnotes (4) through (9) to this Form 4.

(3) These securities are held by Lauren Family, L.L.C., a limited liability company of which Mr. David Lauren is a manager and in which Mr. David Lauren has an indirect pecuniary interest. Mr. David Lauren disclaims beneficial ownership of such securities except to the extent of his pecuniary interest therein.

(4) The price reported in Column 4 is a weighted average price. These shares were sold in multiple transactions at prices ranging from $157.91 to $158.60, inclusive.

(5) The price reported in Column 4 is a weighted average price. These shares were sold in multiple transactions at prices ranging from $158.61 to $159.14, inclusive.

(6) The price reported in Column 4 is a weighted average price. These shares were sold in multiple transactions at prices ranging from $153.74 to $154.73, inclusive.

(7) The price reported in Column 4 is a weighted average price. These shares were sold in multiple transactions at prices ranging from $154.74 to $155.72, inclusive.

(8) The price reported in Column 4 is a weighted average price. These shares were sold in multiple transactions at prices ranging from $155.74 to $156.73, inclusive.

(9) The price reported in Column 4 is a weighted average price. These shares were sold in multiple transactions at prices ranging from $156.76 to $157.29, inclusive.

(10) These securities are held individually by Mr. David Lauren.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. IGN="bottom"> **High Low High**

Scrubbed Coal

2,241 $500 $700 $1,121 $1,569

Unscrubbed Coal

1,273 100 150 127 191

Simple Cycle Gas Generation

4,120 200 300 824 1,236

Combined Cycle Gas Generation

4,447 300 500 1,334 2,224

Total Generation Enterprise Value

12,081 $282[1] $432[1] $3,406 $5,219

(1) Range of EV/kW for total generation based on weighted average of capacity and ranges for each asset segment.

The financial co-advisors then calculated an indicative range of implied equity values for the Company by reducing the range of implied generation enterprise values by the amount of the Company s projected net debt as of December 31, 2010 (including the present value (calculated using a 10% discount rate) of the Company management s estimated future rent expenses under the Company s Central Hudson lease and Company management s estimated environmental capital expenditures) and by an implied value of the Company s unallocated corporate overhead expenses, derived by applying a multiple of 7.5x to Company management s estimated 2011 general and administrative expense. By dividing this range of implied equity values by the number of fully-diluted shares of the common stock outstanding, the financial co-advisors calculated a range of illustrative value indications per share for the common stock, summarized as follows:

	Illustrative Per Share Value Indications	
Power Generation Assets (EV/kW)	$(15.10)	$(0.10)

Research Analysts Stock Price Targets

Using publicly available information, the financial co-advisors reviewed and analyzed the most recent price targets as of August 12, 2010 for the common stock published by 13 equity research analysts. These targets reflect each analyst s estimate of the future public market trading price of the common stock and are not discounted to present value. The results of this review are summarized as follows:

	Range [1]		Median [2]	Mean [2]
Research Analysts Price Targets ($/share)	$2.50	$7.50	$4.25	$4.51

(1) Excludes the lowest ($1.00/share) and the highest ($25.00/share) published price targets

(2) Median and Mean excludes price targets ($7.00/share and $25.00/share) published by two research analysts which, according to Company management, represented long-term price targets.

Using publicly available information, the financial co-advisors reviewed and analyzed the most recent price targets as of November 12, 2010 for the common stock published by 10 equity research analysts. These targets reflect each analyst s estimate of the future public market trading price of the common stock and are not discounted to present value. The results of this review are summarized as follows:

	Range [1]		Median	Mean
Research Analysts Price Targets ($/share)	$4.50	$7.00	$4.50	$4.78

(1) All targets were at $4.50, other than one, which was at $7.00.

Historical Trading Share Prices

The financial co-advisors reviewed the highest and lowest daily closing trading share prices of the common stock during the 52-week and the 3-month periods ending on August 12, 2010. The results of this review are summarized as follows:

	Daily Closing Share Price	
	Low	**High**
Period Ending August 12, 2010:		
52-week	$ 2.78	$ 13.15
3-month	$ 2.78	$ 6.65

Additional Financial Analysis

The financial co-advisors also reviewed and analyzed, referencing certain of the foregoing value indication analyses, the approximate market value of the Company s outstanding publicly-traded debt securities referencing trading levels as of August 12, 2010 (rather than the book value of those debt securities). The results of these analyses are summarized below.

Selected Companies Analysis. Using the same methodology as the selected companies analysis described above, the financial co-advisors calculated the Rent-Adjusted EV for the Company using the market value of the Company s debt securities as of August 12, 2010. This Rent-Adjusted EV amount is referred to below as the Company August 12 Debt-Adjusted EV. The financial co-advisors calculated the Company August 12 Debt-Adjusted EV as a multiple of the Company s estimated Rent-Adjusted EBITDA for calendar years 2010, 2011 and 2012, respectively, based on median IBES estimates as of August 12, 2010. Rent-Adjusted EBITDA based on median IBES estimates as of August 12, 2010 is referred to below as the August 12 Rent-Adjusted EBITDA.

The financial co-advisors also calculated the Rent-Adjusted EV for each of the selected companies as a multiple of both (i) their respective estimated August 12 Rent-Adjusted EBITDA for calendar years 2010, 2011 and 2012 and (ii) their respective Rent-Adjusted EBITDA for calendar years 2010, 2011 and 2012 based on median IBES estimates as of November 12, 2010. Rent-Adjusted EBITDA based on median IBES estimates as of November 12, 2010 is referred to below as the November 12 Rent-Adjusted EBITDA. The financial co-advisors observed that the market value of the debt securities for each of the selected companies was trading approximately in line with the book value of those securities. These calculations yielded the following indicative multiples:

	Selected Companies Rent-Adjusted EV (multiple)			Company August 12 Debt-Adjusted EV (multiple)
Rent-Adjusted EV as a Multiple of:	**Range**		**Median**	
2010E August 12 Rent-Adjusted EBITDA	4.8x	8.7x	5.6x	6.4x
2010E November 12 Rent-Adjusted EBITDA	4.7x	8.4x	5.5x	
2011E August 12 Rent-Adjusted EBITDA	6.1x	8.3x	6.6x	6.6x
2011E November 12 Rent-Adjusted EBITDA	5.9x	8.4x	6.8x	
2012E August 12 Rent-Adjusted EBITDA	6.1x	8.2x	6.6x	6.4x
2012E November 12 Rent-Adjusted EBITDA	6.2x	8.8x	7.8x	

Illustrative Discounted Cash Flow Sensitivity to Debt Valuation Analysis. Using the same methodology as the illustrative discounted cash flow analysis described above, the financial co-advisors calculated the sensitivity of the results of the illustrative discounted cash flow analysis to variations in the assumed value of the Company s debt, using illustrative discount rates ranging from 8% to 12% and an illustrative terminal value for the Company derived from a 2015 Rent-Adjusted EBITDA multiple of 7.0x. In performing this sensitivity analysis, the financial co-advisors varied the assumed values of the Company s debt used in the illustrative discounted cash flow analysis by amounts ranging from book value of the debt to the observed market value of

the debt, each reflecting projected debt balances as of December 31, 2010 but referencing trading levels as of August 12, 2010. The results of this sensitivity analysis are summarized as follows:

	Illustrative Per Share Value Indications	
Variation in the Company s debt value (book to observed market)	$(10.62)	$0.32

Illustrative Sum-of-the-Parts Analysis. Using the same methodology as the illustrative sum-of-the-parts analysis described above, the financial co-advisors also calculated an indicative range of implied per share equity values of the common stock based on the Company s projected net debt as of December 31, 2010, as adjusted to reflect a discount to book value based on the approximate market value of the Company s debt as of August 12, 2010. The results of this sensitivity analysis are summarized as follows:

	Illustrative Per Share Value Indications	
Variation in the Company s debt value (book to observed market)	$(8.02)	$6.98

General

The preparation of a fairness opinion is a complex process and is not necessarily susceptible to partial analysis or summary description. Selecting portions of the analyses or of the summary set forth above, without considering the analyses as a whole, could create an incomplete view of the processes underlying the respective opinions of Greenhill and Goldman Sachs. In arriving at their fairness determination, Greenhill and Goldman Sachs each considered the results of all of their analyses and did not attribute any particular weight to any factor or analysis considered by them. Rather, Greenhill and Goldman Sachs each made their determination as to fairness on the basis of their experience and professional judgment after considering the results of all of their analyses. No company or transaction used in the above analyses as a comparison is directly comparable to the Company or the merger.

Greenhill prepared these analyses for purposes of Greenhill s providing its opinion to the board of directors that, as of November 16, 2010 and based upon and subject to the limitations and assumptions set forth therein, the amended per share merger consideration to be received by the holders of common stock (excluding Parent, Merger Sub and any of their affiliates) pursuant to the amended merger agreement is fair, from a financial point of view, to such holders. Goldman Sachs prepared these analyses for purposes of Goldman Sachs providing its opinion to the board of directors that, as of November 16, 2010, and based upon and subject to the factors, assumptions and limitations set forth therein, the $5.00 per share in cash to be paid to the holders of the common stock pursuant to the amended merger agreement is fair from a financial point of view to such holders. These analyses do not purport to be appraisals nor do they necessarily reflect the prices at which businesses or securities actually may be sold. Analyses based upon forecasts of future results are not necessarily indicative of actual future results, which may be significantly more or less favorable than suggested by these analyses. Because these analyses are inherently subject to uncertainty, being based upon numerous factors or events beyond the control of the parties or their respective advisors, none of the Company, Greenhill, Goldman Sachs or any other person assumes responsibility if future results are materially different from those forecast.

As described above, Greenhill s and Goldman Sachs opinions to the board of directors were amongst many factors taken into consideration by the board of directors in making its determination to approve the amended merger agreement and the merger. The amended per share merger consideration was determined through arm s- length negotiations between the board of directors and Parent and was approved by the board of directors. Greenhill and Goldman Sachs provided advice to the board of directors during these negotiations. Greenhill and Goldman Sachs did not, however, recommend any specific amount of consideration to the Company or the board of directors or that any specific amount of consideration constituted the only appropriate consideration for the transaction.

The foregoing summary does not purport to be a complete description of the analyses performed by Greenhill or Goldman Sachs in connection with their respective fairness opinions and is qualified in its entirety by reference to the written opinions of Greenhill and Goldman Sachs attached as Annex B and Annex C, respectively, to this supplement.

CERTAIN COMPANY FORECASTS

While the Company s general practice has been to provide public guidance in November of each year for its financial performance for the subsequent fiscal year, and periodically updates such guidance during the course of the subsequent fiscal year, it does not, as a matter of course, publicly disclose financial forecasts as to future financial performance, earnings or other results for periods longer than one year. The Company is especially cautious of making financial forecasts for periods longer than one fiscal year due to unpredictability of the underlying assumptions and estimates. However, in connection with the original merger agreement, the Company provided Blackstone, the board of directors and their respective advisors certain non-public financial forecasts covering multiple years that were prepared by management of the Company and not for public disclosure, which we refer to as the original financial forecasts; a summary of the original financial forecasts was provided in the definitive proxy statement beginning on page 53. In connection with the November 16 amendment, the Company provided the board of directors and its advisors with certain updated financial forecasts covering multiple years that were prepared by management of the Company, which we refer to as the updated financial forecasts. Our public guidance provided in November 2010 does not reflect certain changes experienced in the first nine months of 2010, including approximately $275 million of positive working capital changes, primarily caused by changes in the value of mark to market positions and cash collateral, whereas these updated financial forecasts include such changes.

A summary of the updated financial forecasts is not being included in this document to influence your decision whether to vote for or against the proposal to adopt the amended merger agreement, but is being included because updated financial forecasts were made available to the board of directors and its advisors. The inclusion of this information should not be regarded as an indication that the board of directors, its advisors or any other person considered, or now considers, such updated financial forecasts to be material or to be a reliable prediction of actual future results, and these updated financial forecasts should not be relied upon as such. Our management s internal financial forecasts, upon which the updated financial forecasts were based, are subjective in many respects. There can be no assurance that the updated financial forecasts will be realized or that actual results will not be significantly higher or lower than forecasted. The updated financial forecasts cover multiple years and such information by its nature becomes subject to greater uncertainty with each successive year. As a result, the inclusion of the updated financial forecasts in this supplement should not be relied upon as necessarily predictive of actual future events.

In addition, the updated financial forecasts were not prepared with a view toward public disclosure or toward complying with generally accepted accounting principles, which we refer to as GAAP, the published guidelines of the SEC regarding projections and the use of non-GAAP measures or the guidelines established by the American Institute of Certified Public Accountants for preparation and presentation of prospective financial information. Neither our independent registered public accounting firm, nor any other independent accountants, have compiled, examined or performed any procedures with respect to the updated financial forecasts contained herein, nor have they expressed any opinion or any other form of assurance on such information or its achievability.

These updated financial forecasts were based on numerous variables and assumptions that were deemed to be reasonable as of November 10, 2010, when the projections were finalized. Such assumptions are inherently uncertain and may be beyond the control of the Company. Important factors that may affect actual results and cause these updated financial forecasts to not be achieved include, but are not limited to, risks and uncertainties relating to the Company s business (including its ability to achieve strategic goals, objectives and targets over the applicable periods), industry performance, the regulatory environment, general business and economic conditions and other factors described or referenced under Cautionary Statement Concerning Forward-Looking Information above. In addition, the updated financial forecasts also reflect assumptions that are subject to change and do not reflect revised prospects for the Company s business, changes in general business or economic conditions, or any other transaction or event that has occurred or that may occur and that was not anticipated at the time the updated financial forecasts were prepared, including assumptions with respect to the future prices of

natural gas and electricity. The Company s forecasted results of operations and cash flows depend, in large part, upon prevailing market prices for power and the fuel to generate such power. The forecasts were based on commodity pricing assumptions through 2012 based upon October 29, 2010 price curves and commodity pricing assumptions after 2012 based upon October 29, 2010 price curves and adjusted based upon management s fundamental outlook. We have not prepared revised forecasts to take into account other variables that may have changed since November 10, 2010 including changes to the October 29, 2010 price curves. Accordingly, there can be no assurance that these updated financial forecasts will be realized or that the Company s future financial results will not materially vary from these updated financial forecasts.

No one has made or makes any representation to any stockholder or anyone else regarding the information included in the updated financial forecasts set forth below. Readers of this supplement are cautioned not to rely on the forecasted financial information. Some or all of the assumptions which have been made regarding, among other things, the timing of certain occurrences or impacts, may have changed since the date such updated financial forecasts were made. We have not updated and do not intend to update, or otherwise revise the updated financial forecasts to reflect circumstances existing after the date when made or to reflect the occurrence of future events, even in the event that any or all of the assumptions on which such updated financial forecasts were based are shown to be in error. The Company has made no representation to Blackstone, Parent, Merger Sub or any other person in the amended merger agreement or otherwise, concerning these updated financial forecasts.

The updated financial forecasts are forward-looking statements. For information on factors that may cause the Company s future financial results to materially vary, see Cautionary Statement Concerning Forward-Looking Information above.

The following is a summary of the updated financial forecasts prepared by management of the Company and given to the board of directors and their advisors.

Summary Updated Financial Forecasts

	Fiscal Year Ending December 31,					
	2010E[1]	**2011E[1]**	**2012E[1]**	**2013E[1]**	**2014E[1]**	**2015E[1]**
	(dollars in millions)					
Total Gross Margin	$ 1,220[2]	$ 831	$ 879	$ 1,011	$ 892	$ 996
Adjusted EBITDA[3][4]	$ 525	$ 396	$ 286	$ 446	$ 331	$ 419
Operating Cash Flow	$ 548	$ (101)	$ (186)	$ 21	$ (121)	$ (47)
Maintenance Capital Expenditures	$ (143)	$ (119)	$ (113)	$ (119)	$ (97)	$ (87)
Environmental Capital Expenditures	$ (201)	$ (146)	$ (87)	$ (27)	$ (12)	$ (7)
Operating Cash Flow less Total Capital Expenditures	$ 204	$ (367)	$ (386)	$ (125)	$ (229)	$ (141)
Forward Natural Gas Curve[5] ($/MMBtu)	$ 3.67	$ 4.39	$ 5.04	$ 5.32	$ 5.46	$ 5.58
Total Debt (excluding capitalized Central Hudson lease)		$ 4,577	$ 4,414	$ 4,392	$ 4,622	$ 4,706
Debt Amortization Amounts		$ 148	$ 163	$ 82	$ 0	$ 0
Operating Cash Flow less Total Capital Expenditures and Debt Amortization Amounts		$ (515)	$ (550)	$ (207)	$ (229)	$ (141)

Notes:

(1) Forecasted values.
(2) Total Gross Margin estimate for 2010 fiscal year was provided only to the financial co-advisors, and the financial co-advisors presentations to the board of directors and opinions were based in part thereon.
(3) Adjusted EBITDA means EBITDA plus interest income and other adjustments related to mark-to-market changes.
(4) Rent-Adjusted EBITDA, which was used in certain financial analyses described under Opinions of Financial Co-Advisors above, means Adjusted EBITDA plus the $50.5 million annual rent expense associated with the Central Hudson lease obligation.
(5) Commodity pricing assumptions through 2012 were based upon October 29, 2010 price curves; commodity pricing assumptions after 2012 were based upon October 29, 2010 price curves and were adjusted based upon management s fundamental outlook.

In preparing the updated financial forecasts, our management made certain assumptions. Note that while the updated assumptions are substantially unchanged from the assumptions used to make the original financial forecasts, there are some differences, with the primary difference being that commodity price curves used for pricing assumptions were based upon October 29, 2010 price curves rather than June 7, 2010 price curves (commodity pricing assumptions through 2012 were based upon October 29, 2010 price curves and commodity pricing assumptions after 2012 were based upon October 29, 2010 price curves and adjusted based upon management s fundamental outlook). Some of the other differences are that the updated financial forecasts include nine months of actual 2010 year-to-date results rather than five months of actual 2010 year-to-date results in the original forecasts, which affects items such as general & administrative expenses (which expenses were assumed to be approximately $5 million higher annually), year ending cash balances, collateral postings, and other items. However, as described above, the primary difference between the original financial forecasts and the updated financial forecasts is that the updated financial forecasts use updated commodity pricing as of October 29, 2010.

INTERESTS OF CERTAIN PERSONS IN THE MERGER

The following information reflects the effects of the November 16 amendment and updates certain information presented in THE MERGER Interests of Certain Persons in the Merger *beginning on page 59 of the definitive proxy statement.*

In considering the recommendation of our board of directors that you vote to approve the proposal to adopt the amended merger agreement, you should be aware that our directors and executive officers have interests in the merger that are different from, or in addition to, those of our stockholders generally. The board of directors was aware of and considered these interests, among other matters, in evaluating and negotiating the November 16 amendment and the merger, and in recommending that the amended merger agreement be adopted by the stockholders of the Company.

Long-Term Incentive Awards

The following table sets forth, as of November 17, 2010, the long-term incentive award holdings of the Company s executive officers and the gross value of such holdings assuming the merger is completed:

	Number of Shares of Restricted Common Stock	Value of Restricted Common Stock	Number of Phantom Stock Units	Value of Phantom Stock Units	Number of Performance Units	Value of Performance Units[1]
Bruce A. Williamson[2]	132,501	$ 662,505.00	318,584	$ 1,592,920.00	54,000	$ 5,400,000.00
Holli C. Nichols	34,514	$ 172,570.00	79,646	$ 398,230.00	13,800	$ 1,380,000.00
J. Kevin Blodgett	25,852	$ 129,260.00	59,236	$ 296,180.00	10,304	$ 1,030,400.00
Lynn A. Lednicky	25,123	$ 125,615.00	59,236	$ 296,180.00	10,147	$ 1,014,700.00
Charles C. Cook	26,861	$ 134,305.00	55,752	$ 278,760.00	9,818	$ 981,800.00
TOTAL	244,850	$ 1,224,250.00	572,454	$ 2,862,270.00	98,069	$ 9,806,900.00

(1) Based on a target price of $100 per unit.
(2) Mr. Williamson also serves as the chairman of the board of directors.

UPDATE TO MARKET PRICE OF COMMON STOCK

Our common stock is listed for trading on the NYSE under the symbol DYN . The table below shows, for the periods indicated, the closing price range of our common stock, as reported by Bloomberg L.P. On May 21, 2010, the Company s stockholders approved a reverse stock split of outstanding common stock at a ratio of 1-for-5. This reverse stock split was effected on May 25, 2010.

	Common Stock Price		Post-Reverse Stock Split Equivalent	
	High	Low	High	Low
2008				
Quarter ended March 31	$ 8.26	$ 6.44	$ 41.30	$ 32.20
Quarter ended June 30	$ 9.64	$ 8.05	$ 48.20	$ 40.25
Quarter ended September 30	$ 8.76	$ 3.20	$ 43.80	$ 16.00
Quarter ended December 31	$ 4.06	$ 1.51	$ 20.30	$ 7.55
2009				
Quarter ended March 31	$ 2.69	$ 1.04	$ 13.45	$ 5.20
Quarter ended June 30	$ 2.47	$ 1.45	$ 12.35	$ 7.25
Quarter ended September 30	$ 2.55	$ 1.78	$ 12.75	$ 8.90
Quarter ended December 31	$ 2.63	$ 1.81	$ 13.15	$ 9.05
2010				
Quarter ended March 31	$ 1.99	$ 1.22	$ 9.95	$ 6.10
Quarter ended June 30	$ 6.80	$ 3.85		
Quarter ended September 30	$ 5.10	$ 2.78		
Quarter ending December 31 (through November 17, 2010)	$ 5.06	$ 4.44		

WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and current reports, proxy statements and other information with the SEC. You may read and copy any document we file at the SEC public reference room located at 100 F Street, N.E., Room 1580, Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. Our SEC filings are also available to the public at the SEC website at www.sec.gov. You also may obtain free copies of the documents we file with the SEC, including this supplement, by going to the Investors page of our corporate website at www.dynegy.com. Our website address is provided as an inactive textual reference only. The information provided on our website, other than copies of the documents listed below that have been filed with the SEC, is not part of this supplement, and therefore is not incorporated herein by reference.

Statements contained in this supplement, or in any document incorporated by reference in this supplement regarding the contents of any contract or other document, are not necessarily complete and each such statement is qualified in its entirety by reference to that contract or other document filed as an exhibit with the SEC. The SEC allows us to incorporate by reference into this supplement documents we file with the SEC. This means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is considered to be a part of this supplement, and later information that we file with the SEC will update and supersede that information. We incorporate by reference the documents listed below and any documents filed by us pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act after the filing of this supplement and before the date of the special meeting.

Annual Report on Form 10-K for the fiscal year ended December 31, 2009 (filed with the SEC on February 25, 2010);

Quarterly Reports on Form 10-Q for the fiscal quarter ended September 30, 2010 (filed with the SEC on November 9, 2010); June 30, 2010 (filed with the SEC on August 6, 2010); and for the fiscal quarter ended March 31, 2010 (filed with the SEC on May 10, 2010);

Current Reports on Form 8-K, as amended, filed with the SEC on November 17, November 15, November 12, November 9, November 8, November 5, November 2, November 1, 2010, October 27, 2010, October 26, 2010, October 22, 2010, October 19, 2010, October 6, 2010, October 5, 2010, September 29, 2010, September 23, 2010, September 17, 2010, September 9, 2010, August 25, 2010, August 24, 2010, August 19, 2010, August 13, 2010, August 6, 2010, May 25, 2010, May 10, 2010, March 5, 2010, February 25, 2010, February 2, 2010 and January 4, 2010; and

Definitive Proxy Statement for our 2010 Annual Meeting filed with the SEC on April 2, 2010; and

Definitive Proxy Statement filed with the SEC on October 4, 2010.

Any person, including any beneficial owner, to whom this supplement is delivered may request copies of proxy statements and any of the documents incorporated by reference in this document or other information concerning us, without charge, by written or telephonic request directed to Dynegy Inc., Attn: Investor Relations, 1000 Louisiana Street, Suite 5800, Houston, Texas 77002, Telephone 713-507-6466 (toll-free at 1-800-800-8220), on the Investors page of our corporate website at www.dynegy.com; or MacKenzie Partners, Inc., our proxy solicitor, toll-free at (800) 322-2885 or (212) 929-5500 (call collect), or dynegy@mackenziepartners.com; or from the SEC through the SEC website at the address provided above. 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.

THIS SUPPLEMENT DOES NOT CONSTITUTE THE SOLICITATION OF A PROXY IN ANY JURISDICTION TO OR FROM ANY PERSON TO WHOM OR FROM WHOM IT IS UNLAWFUL TO MAKE SUCH PROXY SOLICITATION IN THAT JURISDICTION. YOU SHOULD RELY ONLY ON THE INFORMATION CONTAINED OR INCORPORATED BY REFERENCE IN THIS SUPPLEMENT AND IN THE DEFINITIVE PROXY STATEMENT TO VOTE YOUR SHARES OF COMMON STOCK AT THE SPECIAL MEETING. WE HAVE NOT AUTHORIZED ANYONE TO PROVIDE YOU WITH INFORMATION THAT IS DIFFERENT FROM WHAT IS CONTAINED IN THIS SUPPLEMENT. THIS SUPPLEMENT IS DATED NOVEMBER 18, 2010. YOU SHOULD NOT ASSUME THAT THE INFORMATION CONTAINED IN THIS SUPPLEMENT IS ACCURATE AS OF ANY DATE OTHER THAN THAT DATE, AND THE MAILING OF THIS SUPPLEMENT TO STOCKHOLDERS DOES NOT CREATE ANY IMPLICATION TO THE CONTRARY.

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Annex A

EXECUTION COPY

AMENDMENT NO. 1

TO THE

AGREEMENT AND PLAN OF MERGER

among

DYNEGY INC.,

DENALI PARENT INC.

and

DENALI MERGER SUB INC.

Dated as of November 16, 2010

This **AMENDMENT NO. 1 TO THE AGREEMENT AND PLAN OF MERGER** is dated as of November 16, 2010 (this **Amendment**), and is entered into between Dynegy Inc., a Delaware corporation (the **Company**), Denali Parent Inc., a Delaware corporation (**Parent**), and Denali Merger Sub Inc., a Delaware corporation and a wholly owned subsidiary of Parent (**Merger Sub**). Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Agreement and Plan of Merger, dated as of August 13, 2010, between the Company, Parent and Merger Sub (the **Merger Agreement**).

WHEREAS, the parties desire to amend the Merger Agreement so as to, among other things, increase the Per Share Merger Consideration from $4.50 to $5.00;

WHEREAS, the Board of Directors of the Company and the Board of Directors of each of Parent and Merger Sub have approved the Merger on the terms and subject to the conditions set forth in the Merger Agreement as amended by this Amendment and have approved and declared advisable the Merger Agreement as amended by this Amendment and the transactions contemplated hereby and thereby;

WHEREAS, the Board of Directors of the Company recommends the adoption of the Merger Agreement, as amended by this Amendment, and approval of the Merger by the Company s stockholders; and

WHEREAS, the parties have agreed to amend the Merger Agreement as provided in this Amendment;

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto hereby agree as follows:

1. Amendment of Section 4.1. The reference to $4.50 in Section 4.1(a) of the Merger Agreement is hereby amended to be $5.00 . All references in the Merger Agreement to the Per Share Merger Consideration shall refer to $5.00 per Share in cash, without interest .

2. Amendment of Section 5.1. Section 5.1(c) of the Merger Agreement is hereby amended by (i) inserting (as such term was defined in this Agreement as of August 13, 2010) that was following the term Per Share Merger Consideration in Section 5.1(c)(ii) and (ii) adding a Section 5.1(c)(iii) to read as follows:

(iii) The Board of Directors of the Company has received the opinion of each of Goldman Sachs & Co. and Greenhill & Co., Inc. to the effect that, as of November 16, 2010 and based upon and subject to the factors and assumptions set forth therein, the Per Share Merger Consideration to be received in the Merger by holders of Shares is fair, from a financial point of view, to such holders. It is agreed and understood that such opinion is for the benefit of the Company s Board of Directors and may not be relied on by Parent or Merger Sub.

3. Amendment of Section 5.2(e). Section 5.2(e) of the Merger Agreement is hereby amended and restated in its entirety to read as follows:

(e) Equity Financing. Parent has provided to the Company a true, complete and correct copy of the Equity Commitment Letter, dated November 16, 2010, between Parent and Blackstone Capital Partners V L.P. (*BCP*) (the *Equity Financing Commitment*), pursuant to which BCP has committed, subject to the terms and conditions set forth therein, to invest in Parent up to the cash amount set forth therein (the *Equity Financing*), necessary to enable Parent and Merger Sub to pay (i) the Per Share Merger Consideration in respect of all of the Shares and all amounts in respect of shares of Company Restricted Stock pursuant to Section 4.3(b), in each case, without any increase in the Indebtedness or other obligations of the Company or any of its Subsidiaries, or use of the assets of the Company or any of its Subsidiaries, (ii) amounts due in connection with the Merger and (iii) any and all fees and expenses required to be paid by Parent, Merger Sub and the Surviving Corporation in connection with the Merger and the Equity Financing. The Equity Financing Commitment has not been amended or modified prior to November 16, 2010, no such amendment or modification is contemplated, and the commitment contained in the Equity Financing Commitment has not been withdrawn or rescinded in any respect. There are no conditions precedent or other contingencies

related to the funding of the full amount of the Equity Financing other than as expressly set forth in the Equity Financing Commitment. Parent and Merger Sub will have, at and after the Closing, funds sufficient to (i) pay the aggregate Per Share Merger Consideration, (ii) pay any and all fees and expenses required to be paid by Parent, Merger Sub and the Surviving Corporation in connection with the Merger and the Equity Financing and (iii) any other amounts required to be paid in connection with the consumption of the Merger.

4. Amendment of Section 6.4. Section 6.4 of the Merger Agreement is hereby amended by inserting the following immediately prior to the penultimate sentence of such Section:

Notwithstanding the foregoing, the Company shall convene the Stockholders Meeting on Wednesday, November 17, 2010, at the Company s headquarters, Wells Fargo Plaza, 1000 Louisiana Street, Houston, Texas, 77002 (the *Company Headquarters*), as contemplated by the Proxy Statement filed with the SEC on October 4, 2010, and in connection therewith shall use its reasonable best efforts to provide the Record Holders of Shares with a reasonable period of time to become informed regarding the Amendment and the opportunity to vote on the adoption of this Agreement on Tuesday, November, 23, 2010 or such other date as may be agreed to in writing by the Company and Parent.

5. Amendment of Section 8.5(b). Section 8.5(b) of the Merger Agreement is hereby amended and restated in its entirety to read as follows:

(b) In the event that:

(i)(x) before obtaining the Company Requisite Vote, this Agreement is terminated pursuant to Section 8.2(a) (the section relating to the Termination Date), or Section 8.2(b) (the section relating to failure to receive stockholder approval), (y) any Person shall have made or publicly announced a bona fide Acquisition Proposal after the date of this Agreement but prior to such termination, and such Acquisition Proposal shall not have been publicly withdrawn without qualification in a manner that would reasonably be expected to adversely affect the receipt of the Company Requisite Vote in any material respect at least ten (10) calendar days prior to, with respect to Section 8.2(a), the date of termination or, with respect to a termination pursuant to Section 8.2(b), no later than five (5) business days prior to the Stockholders Meeting and (z) within eighteen (18) months of such termination (A) the Company shall have consummated an Acquisition Proposal (whether or not such Acquisition Proposal is the same Acquisition Proposal referred to in clause (y) of this Section 8.5(b)(i)) (provided that for purposes of this clause (z) the references to 20% in the definition of Acquisition Proposal shall be deemed to be references to 50%) or (B) the Company and its Subsidiaries, taken as a whole, shall have consummated any transaction, or any series of transactions, providing for the sale of assets (including equity securities of any Subsidiaries of the Company) for aggregate consideration (including the assumption of any Indebtedness by any purchaser of such assets) of greater than $1.0 billion;

(ii) this Agreement is terminated by Parent pursuant to clause (a) of Section 8.4 (the section relating to a Change of Recommendation);

(iii) this Agreement is terminated by the Company pursuant to Section 8.3(a) (the section relating to an Alternative Acquisition Agreement); or

(iv)(y) the circumstance described in Section 8.5(b)(i)(y) has not occurred and, before obtaining the Company Requisite Vote, this Agreement is terminated pursuant to Section 8.2(a) (the section relating to the Termination Date), or Section 8.2(b) (the section relating to failure to receive stockholder approval) and (z) within eighteen (18) months of such termination the Company shall have consummated an Acquisition Proposal (provided that for purposes of this clause (z) the references to 20% in the definition of Acquisition Proposal shall be deemed to be references to 50%), as a result of which the Stockholders shall be entitled to receive, either directly or indirectly, consideration (whether cash or otherwise) having an aggregate value of more than $4.50 per Share;

then the Company shall (A) in the case of clause (i) above, within three (3) business days after the date on which the Company consummates the Acquisition Proposal referred to in sub-clause (i)(z)(A) or the date, or dates, on which the Company consummates each sale of assets referred to in sub-clause (i)(z)(B) above, (B) in the case of clause (ii), no later than three (3) business days after the date of such termination, (C) in the case of clause (iii) above, immediately prior to or substantially concurrently with such termination, and (D) in the case of clause (iv) above, within three (3) business days after the date on which the Company consummates the Acquisition Proposal referred to in sub-clause (iv)(z), pay Parent or its designee the Termination Fee (as defined below) by wire transfer of immediately available funds (it being understood that in no event shall the Company be required to pay the Termination Fee on more than one occasion). *Termination Fee* shall mean (x) an amount equal to $27.5 million less any Parent Expenses previously paid by the Company with respect to the first $1.0 billion of any such asset sales and an additional $1.5 million with respect to each additional $100 million of any such asset sales during such eighteen (18) month period up to an aggregate of $2.5 billion of any such asset sales during such eighteen (18) month period, but in any event no greater than $50 million in the aggregate (including any Parent Expenses previously paid by the Company), if the Termination Fee becomes payable pursuant to Section 8.5(b)(i)(z)(B), (y) an amount equal to $16.3 million if the Termination Fee becomes payable pursuant to Section 8.5(b)(iv) and (z) an amount equal to $50 million less any Parent Expenses previously paid by the Company in all other circumstances.

6. Additional Representations of the Company. The Company hereby represents and warrants to Merger Sub and Parent as follows:

Authority Relative to Amendment. The Company has all necessary corporate power and authority to execute and deliver this Amendment, and, subject only to, assuming the representations and warranties of Parent and Merger Sub set forth in Section 5.2(i) of the Merger Agreement are true and correct, adoption of this Agreement by the Company Requisite Vote, to perform its obligations hereunder. The execution and delivery of this Amendment by the Company have been duly and validly authorized by all necessary corporate action, and no other corporate proceedings on the part of the Company are necessary to authorize the execution and delivery of this Amendment. This Amendment has been duly and validly executed and delivered by the Company and, assuming the due authorization, execution and delivery by Merger Sub and Parent, this Amendment constitutes a legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, subject to the Bankruptcy and Equity Exception.

7. Additional Representations of Parent and Merger Sub. Parent and Merger Sub each hereby represent to the Company as follows:

Authority Relative to Amendment. No vote of holders of capital stock of Parent is necessary to approve this Amendment or the other transactions contemplated hereby. Concurrent with the execution and delivery of this Amendment, Parent has executed and delivered, in accordance with Section 228 of the DGCL and in its capacity as the sole stockholder of Merger Sub, a written consent adopting the Merger Agreement as amended by this Amendment. Parent and Merger Sub have all necessary power and authority to execute and deliver this Amendment, and to perform their respective obligations hereunder. The execution and delivery of this Amendment by Parent and Merger Sub have been duly and validly authorized by all necessary corporate action on the part of Parent and Merger Sub, and no other corporate proceedings on the part of Parent or Merger Sub are necessary to authorize the execution and delivery of this Amendment. This Amendment has been duly and validly executed and delivered by Parent and Merger Sub and, assuming the due authorization, execution and delivery by the Company, this Amendment constitutes a legal, valid and binding obligation of Parent and Merger Sub, enforceable against Parent and Merger Sub in accordance with its terms, subject to the Bankruptcy and Equity Exception.

8. References to the Merger Agreement. After giving effect to this Amendment, each reference in the Merger Agreement to this Agreement , hereof , hereunder , herein or words of like import referring to the

Merger Agreement shall refer to the Merger Agreement as amended by this Amendment and all references in the Disclosure Schedules to the Agreement and the Merger Agreement shall refer to the Merger Agreement as amended by this Amendment.

9. Construction. Except as expressly provided in this Amendment, all references in the Merger Agreement and the Disclosure Schedules to the date hereof and the date of this Agreement shall refer to August 13, 2010.

10. Other Miscellaneous Terms. The provisions of Article IX (Miscellaneous and General) of the Merger Agreement shall apply *mutatis mutandis* to this Amendment, and to the Merger Agreement as modified by this Amendment, taken together as a single agreement, reflecting the terms therein as modified hereby.

11. No Further Amendment. Except as amended hereby, the Merger Agreement shall remain in full force and effect.

[Signatures Appear on the Following Pages]

IN WITNESS WHEREOF, this Amendment has been duly executed and delivered by the duly authorized officers of the parties hereto as of the date first written above.

DYNEGY INC.

By /s/ Mario Alonso
Name: Mario Alonso
Title: V.P. Corporate Development

DENALI PARENT INC.

By /s/ David Foley
Name: David Foley
Title: Chief Executive Officer

DENALI MERGER SUB INC.

By /s/ David Foley
Name: David Foley
Title: Chief Executive Officer

Annex B

Greenhill & Co., LLC

300 Park Avenue

New York, NY 10022

(212) 389-1500

CONFIDENTIAL

November 16, 2010

Board of Directors

Dynegy Inc.

1000 Louisiana Street, Suite 5800

Houston, Texas 77002

Members of the Board of Directors:

We understand that Dynegy Inc. (the Company), Denali Parent Inc. (Buyer) and Denali Merger Sub Inc. (Merger Subsidiary) propose to enter into Amendment No. 1 to the Agreement and Plan of Merger, dated November 16, 2010 (the Amendment), which amends the Agreement and Plan of Merger, dated August 13, 2010 (as amended by the Amendment, the Merger Agreement), which provides, among other things, for the merger (the Merger) of Merger Subsidiary, a wholly owned subsidiary of Buyer, with and into the Company, as a result of which the Company will become a wholly-owned subsidiary of Buyer. In the Merger, each issued and outstanding share of common stock, par value $0.01 per share, of the Company (the Common Stock), other than the Excluded Shares (as defined in the Merger Agreement), shall be converted into the right to receive $5.00 per share in cash, without interest (as adjusted pursuant to the terms of the Merger Agreement, the Consideration). The terms and conditions of the Merger are more fully set forth in the Merger Agreement. We understand that Buyer is an affiliate of The Blackstone Group L.P.

We also understand that, pursuant to a Purchase and Sale Agreement, dated as of August 13, 2010 (the NRG PSA), by and between Merger Subsidiary and NRG Energy, Inc. (NRG), simultaneously with the closing of the Merger, the Company (as successor to Merger Subsidiary) will sell to NRG certain assets as set forth in the NRG PSA for $1.363 billion in cash, subject to a working capital adjustment (the NRG Transaction).

You have asked for our opinion as to whether, as of the date hereof, the Consideration to be received by the holders of Common Stock, excluding Buyer, Merger Subsidiary, and any of their affiliates, pursuant to the Merger Agreement is fair, from a financial point of view, to such holders. We have not been requested to opine as to, and our opinion does not in any manner address, the underlying business decision to proceed with or effect the Merger.

For purposes of the opinion set forth herein, we have:

1. reviewed the Merger Agreement, the NRG PSA and certain related documents;

2. reviewed certain publicly available financial statements of the Company;

3. reviewed certain other publicly available business and financial information relating to the Company that we deemed relevant;

4. reviewed certain information, including financial forecasts and other financial and operating data concerning the Company, prepared by the management of the Company, as updated to reflect current commodity pricing assumption and revised operating cost estimates;

5. discussed the past and present operations and financial condition and the prospects of the Company with senior executives of the Company;

6. reviewed the historical market prices and trading activity for the Common Stock and analyzed its implied valuation multiples;

7. compared the value of the Consideration to a range of implied valuations for the Common Stock derived based on valuation multiples implied by the trading values of certain publicly traded companies that we deemed relevant;

8. compared the value of the Consideration to a range of implied valuations for the Common Stock derived by discounting future cash flows and a terminal value of the Company at discount rates we deemed appropriate;

9. compared the value of the Consideration to a range of implied valuations for the Common Stock derived based on multiples implied by certain publicly available transactions that we deemed relevant involving merchant generation companies;

10. compared the value of the Consideration to a range of implied valuations for the Common Stock derived based on premiums paid in certain publicly available transactions that we deemed relevant;

11. participated in discussions and negotiations among representatives of the Company and its legal advisors and representatives of Buyer and its legal advisors; and

12. performed such other analyses and considered such other factors as we deemed appropriate.

We have assumed and relied upon, without independent verification, the accuracy and completeness of the information publicly available, supplied or otherwise made available to us by representatives and management of the Company for the purposes of this opinion and have further relied upon the assurances of the representatives and management of the Company that they are not aware of any facts or circumstances that would make such information inaccurate or misleading. With respect to the most recent financial forecasts and projections and other data that have been furnished or otherwise provided to us, we have assumed that such projections and data were reasonably prepared on a basis reflecting the best currently available estimates and good faith judgments of the management of the Company as to those matters, and we have relied upon such forecasts and data in arriving at our opinion. We express no opinion with respect to such projections and data or the assumptions upon which they are based. We have not made any independent valuation or appraisal of the assets or liabilities of the Company, nor have we been furnished with any such appraisals. We have assumed that the Merger will be consummated in accordance with the terms set forth in the Merger Agreement and without waiver of any material terms or conditions set forth in the Merger Agreement. We have further assumed that all material governmental, regulatory and other consents and approvals necessary for the consummation of the Merger will be obtained without any effect on the Merger meaningful to our analysis. Our opinion is necessarily based on financial, economic, market and other conditions as in effect on, and the information made available to us as of, the date hereof. It should be understood that subsequent developments may affect this opinion, and we do not have any obligation to update, revise, or reaffirm this opinion.

We have acted as financial advisor to the Company in connection with the Merger and will receive a fee for rendering this opinion and for other services rendered in connection with the Merger, a substantial portion of which is contingent on the consummation of the Merger. In addition, the Company has agreed to indemnify us for certain liabilities arising out of our engagement. We acted as financial advisor to the Independent Director Committee of the Board of Directors of the Company in connection with the purchase by L.S. Power Associates, L.P. and certain of its affiliates (together, LS Power) of (i) the Company s interests in eight power generating project companies and Dynegy Sandy Creek Holdings, LLC and (ii) $235 million aggregate principal amount of 7.5% Senior Unsecured Notes due 2015 of Dynegy Holdings Inc., a wholly-owned subsidiary of the Company, in exchange for approximately $1.0135 billion in cash and the relinquishment of 245 million shares of Class B common stock of the Company by LS Power, announced in August 2009.

It is understood that this letter is for the information of the Board of Directors of the Company and is rendered to the Board of Directors of the Company in connection with their consideration of the Merger and may not be used for any other purpose without our prior written consent, except that this opinion may, if required by law, be included in its entirety in any proxy or other information statement to be mailed to the stockholders of the Company in connection with the Merger. We are not expressing an opinion as to any aspect of the Merger other than the fairness to the holders of Common Stock (excluding Buyer, Merger Subsidiary, and any of their affiliates) of the Consideration to be received by them from a financial point of view. We are also not expressing any opinion as to any aspect of the NRG Transaction. We express no opinion with respect to the amount or nature of any compensation to any officers, directors or employees of the Company, or any class of such persons relative to the Consideration to be received by the holders of the Common Stock of the Company in the Merger or with respect to the fairness of any such compensation. We express no opinion as to the impact of the Merger or the NRG Transaction on the solvency or viability of the Company or Buyer or the ability of the Company or Buyer to pay its obligations when they come due. This opinion has been approved by our fairness committee. This opinion is not intended to be and does not constitute a recommendation to the members of the Board of Directors of the Company as to whether they should approve the Merger or the Merger Agreement, nor does it constitute a recommendation as to whether the stockholders of the Company should approve the Merger or take any other action in respect of the Merger at any meeting of the stockholders convened in connection with the Merger.

Based on and subject to the foregoing, including the limitations and assumptions set forth herein, we are of the opinion that as of the date hereof the Consideration to be received by the holders of Common Stock (excluding Buyer, Merger Subsidiary, and any of their affiliates) pursuant to the Merger Agreement is fair, from a financial point of view, to such holders.

Very best regards,

GREENHILL & CO., LLC

By: /s/ Gregory G. Randolph
Gregory G. Randolph
Managing Director

Annex C

PERSONAL AND CONFIDENTIAL

November 16, 2010

Board of Directors

Dynegy, Inc.

1000 Louisiana Street, Suite 5800

Houston, Texas 77002

Lady and Gentlemen:

You have requested our opinion as to the fairness from a financial point of view to the holders of the outstanding shares of common stock, par value $0.01 per share (the Shares), of Dynegy, Inc. (the Company) of the $5.00 per Share in cash to be paid to such holders pursuant to the Agreement and Plan of Merger, dated as of August 13, 2010, as amended by Amendment No. 1 to the Agreement and Plan of Merger, dated November 16, 2010 (as amended, the Agreement), by and among the Company, Denali Parent Inc. (BS Acquiror) and Denali Merger Sub Inc., a wholly owned subsidiary of BS Acquiror (Merger Sub). We understand that, pursuant to a Purchase and Sale Agreement, dated as of August 13, 2010 (the NRG PSA), by and between Merger Sub and NRG Energy, Inc. (NRG), simultaneously with the closing of the Transaction (as defined below), the Company (as successor to Merger Sub) will sell to NRG 100% of the issued and outstanding membership interests of each of Dynegy Moss Landing, LLC, Dynegy Morro Bay, LLC, Dynegy Oakland, LLC and Casco Bay Energy Company, LLC, each an indirect, wholly owned subsidiary of the Company, and certain other assets of the Company (the NRG Transaction).

Goldman, Sachs & Co. and its affiliates are engaged in investment banking and financial advisory services, commercial banking, securities trading, investment management, principal investment, financial planning, benefits counseling, risk management, hedging, financing, brokerage activities and other financial and non-financial activities and services for various persons and entities. In the ordinary course of these activities and services, Goldman, Sachs & Co. and its affiliates may at any time make or hold long or short positions and investments, as well as actively trade or effect transactions, in the equity, debt and other securities (or related derivative securities) and financial instruments (including bank loans and other obligations) of third parties, the Company, NRG or any of their respective affiliates, The Blackstone Group L.P., an affiliate of BS Acquiror (Blackstone), or any of the affiliates and portfolio companies of Blackstone or any currency or commodity that may be involved in the transaction contemplated by the Agreement (the Transaction) for their own account and for the accounts of their customers. We have acted as financial advisor to the Company in connection with, and have participated in certain of the negotiations leading to, the Transaction. We expect to receive fees for our services in connection with the Transaction, the principal portion of which is contingent upon consummation of the Transaction, and the Company has agreed to reimburse our expenses arising, and indemnify us against certain liabilities that may arise, out of our engagement. We have provided certain investment banking services to the Company and its affiliates from time to time for which our Investment Banking Division has received, and may receive, compensation, including having acted as financial advisor to the Independent Director Committee of the Board of Directors of the Company in connection with the dissolution of the Company s power development joint venture with L.S. Power Associates, L.P. and its affiliates (together, LS Power) in December 2008 and as financial advisor to the Company in connection with the exchange of the Company s interests in eight power generation facilities and Dynegy Sandy Creek Holdings, LLC and $235 million aggregate principal amount of 7.5% Senior Unsecured Notes due 2015 of a subsidiary of the Company, for cash and shares of Class B common stock of the Company relinquished by LS Power, announced in August 2009. We also have provided certain investment banking services to Blackstone and its affiliates and portfolio companies from time to time for which

Board of Directors

Dynegy, Inc.

November 16, 2010

Page Two

our Investment Banking Division has received, and may receive, compensation, including having acted as joint bookrunner in connection with the private placement by subsidiaries of The Nielsen Company B.V., a portfolio company of Blackstone, of 11 5/8% Senior Notes due 2014 ($330 million aggregate principal amount) in January 2009 and 11 1/2% Senior Notes due 2016 ($500 million aggregate principal amount) in April 2009; as co-manager in connection with the private placement by a subsidiary of Blackstone of 6.625% Senior Notes due 2019 ($600 million aggregate principal amount) in August 2009; as financial advisor to funds affiliated with Blackstone in connection with its purchase of Busch Entertainment Corporation in December 2009; as joint bookrunner in connection with the private placement by subsidiaries of Vanguard Health Systems, Inc., a portfolio company of Blackstone, of 8% Senior Notes due 2018 ($950 million aggregate principal amount) in January 2010 and 8% Senior Notes due 2018 ($225 million aggregate principal amount) in June 2010; as co-manager in connection with the private placement by Republic Services, Inc., a portfolio company of Blackstone, of 5.0% Senior Notes due 2020 ($850 million aggregate principal amount) and 6.20% Senior Notes due 2040 ($650 million aggregate principal amount) in March 2010; as financial advisor to funds affiliated with Blackstone in connection with the sale by the funds of equity interests in Merlin Entertainments Group, a portfolio company of Blackstone, in July 2010; as joint bookrunner in connection with the private placement by subsidiaries of Graham Packaging Company Inc., a portfolio company of Blackstone, of Senior Unsecured Notes due 2018 ($250 million aggregate principal amount) in September 2010; as joint bookrunner in connection with the private placement by subsidiaries of The Nielsen Company B.V. of 7.75% Senior Notes due 2018 ($750 million aggregate principal amount) in October 2010; and as joint bookrunner in connection with the private placement by subsidiaries of SunGard Data Systems, Inc., a portfolio company of Blackstone, of Senior Notes due 2018 ($500 million aggregate principal amount) in November 2010. We also have provided certain investment banking services to NRG and its affiliates from time to time. We may also in the future provide investment banking services to the Company, NRG and their respective affiliates and Blackstone and its affiliates and portfolio companies for which our Investment Banking Division may receive compensation. Affiliates of Goldman, Sachs & Co. also may have co-invested with Blackstone and its affiliates from time to time and may have invested in limited partnership units of affiliates of Blackstone from time to time and may do so in the future.

In connection with this opinion, we have reviewed, among other things, the Agreement; the NRG PSA; annual reports to stockholders and Annual Reports on Form 10-K of the Company for the five fiscal years ended December 31, 2009; certain interim reports to stockholders and Quarterly Reports on Form 10-Q of the Company; the Definitive Proxy Statement of the Company on Schedule 14A, dated October 4, 2010; certain other communications from the Company to its stockholders; certain publicly available research analyst reports for the Company; and certain internal financial analyses and forecasts for the Company prepared by its management and approved for our use by the Company, as updated to reflect current commodity pricing assumptions and revised operating cost estimates (the Forecasts). We have also held discussions with members of the senior management of the Company regarding their assessment of the past and current business operations, financial condition and future prospects of the Company; reviewed the reported price and trading activity for the Shares and the publicly traded debt securities of the Company and its subsidiaries; compared certain financial and stock market information for the Company with similar information for certain other companies the securities of which are publicly traded; reviewed the financial terms of certain recent business combinations in the unregulated merchant power generation industry and in other industries; and performed such other studies and analyses, and considered such other factors, as we deemed appropriate.

Board of Directors

Dynegy, Inc.

November 16, 2010

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For purposes of rendering this opinion, we have relied upon and assumed, without assuming any responsibility for independent verification, the accuracy and completeness of all of the financial, legal, regulatory, tax, accounting and other information provided to, discussed with or reviewed by, us; and we do not assume any responsibility for any such information. In that regard, we have assumed with your consent that the Forecasts have been reasonably prepared on a basis reflecting the best currently available estimates and judgments of the management of the Company. We have not made an independent evaluation or appraisal of the assets and liabilities (including any contingent, derivative or other off-balance-sheet assets and liabilities) of the Company or any of its subsidiaries and we have not been furnished with any such evaluation or appraisal. We have assumed that all governmental, regulatory or other consents and approvals necessary for the consummation of the Transaction will be obtained without any adverse effect on the Company or on the expected benefits of the Transaction in any way meaningful to our analysis. We also have assumed that the Transaction will be consummated on the terms set forth in the Agreement, without the waiver or modification of any term or condition of the Agreement or the NRG PSA the effect of which would be in any way meaningful to our analysis.

Our opinion does not address the underlying business decision of the Company to engage in the Transaction, or the relative merits of the Transaction as compared to any strategic alternatives that may be available to the Company; nor does it address any legal, regulatory, tax or accounting matters. This opinion addresses only the fairness from a financial point of view, as of the date hereof, of the $5.00 per Share in cash to be paid to the holders of Shares pursuant to the Agreement. We do not express any view on, and our opinion does not address, any other term or aspect of the Agreement or Transaction or any term or aspect of any other agreement or instrument contemplated by the Agreement or entered into or amended in connection with the Transaction, including, without limitation, the NRG PSA or the impact thereof, the fairness of the Transaction to, or any consideration received in connection therewith by, the holders of any other class of securities, creditors, or other constituencies of the Company; nor as to the fairness of the amount or nature of any compensation to be paid or payable to any of the officers, directors or employees of the Company, or class of such persons, in connection with the Transaction, whether relative to the $5.00 per Share in cash to be paid to the holders of Shares pursuant to the Agreement or otherwise. We are not expressing any opinion as to the impact of the Transaction or any transaction entered into in connection therewith on the solvency or viability of the Company or BS Acquiror or the ability of the Company or BS Acquiror to pay its obligations when they come due. Our opinion is necessarily based on economic, monetary, market and other conditions as in effect on, and the information made available to us as of, the date hereof and we assume no responsibility for updating, revising or reaffirming this opinion based on circumstances, developments or events occurring after the date hereof. Our advisory services and the opinion expressed herein are provided for the information and assistance of the Board of Directors of the Company in connection with its consideration of the Transaction and such opinion does not constitute a recommendation as to how any holder of Shares should vote with respect to such Transaction or any other matter. This opinion has been approved by a fairness committee of Goldman, Sachs & Co.

Based upon and subject to the foregoing, it is our opinion that, as of the date hereof, the $5.00 per Share in cash to be paid to the holders of Shares pursuant to the Agreement is fair from a financial point of view to such holders.

Very truly yours,

/s/ Goldman, Sachs & Co.

(GOLDMAN, SACHS & CO.)