

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

AMENDMENT NO. 3

TO

FORM S-1

REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

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)

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)

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.

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.

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. 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.

Quarter Ended	High	Low
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.

Table of Contents**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	
Current Assets					
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
Total current assets	2,231	(62)	(200)	54	2,023
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
Total assets	\$ 5,971	\$ (62)	\$ (200)	\$ (131)	\$ 5,578
Current Liabilities					
Accounts payable	\$ 92	\$	\$	\$	\$ 92
Accounts payable, affiliate		1			1
Accrued interest	1				