

DYNEGY INC.  
Form DEF 14A  
April 02, 2010

**SCHEDULE 14A**

**PROXY STATEMENT PURSUANT TO SECTION 14(a) OF THE  
SECURITIES EXCHANGE ACT OF 1934**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to Rule 14a-12

**Dynegy Inc.**

(Name of Registrant as Specified In Its Charter)

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(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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No fee required.

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(1) Title of each class of securities to which transaction applies:

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(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

April 5, 2010

To our stockholders:

It is my pleasure to invite you to attend the 2010 Annual Meeting of stockholders of Dynegy Inc., which will be held on Friday, May 21, 2010 at 10:00 a.m., local time, at Dynegy's headquarters, Wells Fargo Plaza, 1000 Louisiana Street, Houston, Texas 77002.

At the Annual Meeting, in addition to acting on the matters described in the proxy statement, we plan to review our 2009 accomplishments and discuss our strategy for creating long-term stockholder value. There will also be an opportunity to discuss other matters of interest to you as a stockholder.

We intend to once again take advantage of the Securities and Exchange Commission rules that allow issuers to furnish proxy materials to their stockholders over the internet. We believe that these rules allow us to provide our stockholders with the information they desire, while lowering costs of delivery and reducing the environmental impact of our Annual Meeting.

As Dynegy stockholders, your vote is important. Whether or not you will attend the Annual Meeting in person, it is important that your shares be represented. **Please vote as soon as possible.**

Because of limited seating, only stockholders, their proxy holders and our guests may attend the Annual Meeting. If you plan to attend the Annual Meeting, you must be a stockholder of record as of March 23, 2010 or, if you have beneficial ownership of shares of our common stock held by a bank, brokerage firm or other nominee, you must bring a brokerage statement or other proper evidence of your beneficial ownership of common stock as of March 23, 2010 in order to be admitted to the Annual Meeting.

I look forward to seeing you in Houston on Friday, May 21, 2010.

Sincerely,

Bruce A. Williamson  
Chairman of the Board, President and Chief Executive  
Officer

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

**TO BE HELD FRIDAY, MAY 21, 2010**

To our stockholders:

NOTICE IS HEREBY GIVEN, that the 2010 Annual Meeting of Stockholders of Dynegy Inc., a Delaware corporation, will be held on Friday, May 21, 2010 at 10:00 a.m., local time, at Dynegy's headquarters, Wells Fargo Plaza, 1000 Louisiana Street, Houston, Texas 77002 for the following purposes:

1. To elect seven directors to serve until the 2011 Annual Meeting of Stockholders;
  2. To act upon a proposal to approve an amendment and restatement of Dynegy's Amended and Restated Certificate of Incorporation to effect a reverse stock split of Dynegy's outstanding common stock at a reverse split ratio of 1-for-5 and to proportionately decrease the number of authorized shares of Dynegy's capital stock;
  3. To act upon a proposal to approve an amendment and restatement of Dynegy's Amended and Restated Certificate of Incorporation to refer to our Class A common stock as "Common Stock" and remove all references to Class B common stock;
  4. To act upon a proposal to approve the Dynegy Inc. 2010 Long Term Incentive Plan;
  5. To act upon a proposal to approve the amended and restated Dynegy Inc. Incentive Compensation Plan;
  6. To act upon a proposal to ratify the appointment of Ernst & Young LLP as Dynegy's independent registered public accountants for the fiscal year ending December 31, 2010; and
  7. To act upon a stockholder proposal regarding greenhouse gas emissions, if properly presented at the Annual Meeting.
- Additionally, if needed, the stockholders may act upon any other matters that may properly come before the meeting (including a proposal to adjourn the meeting to solicit additional proxies) or any reconvened meeting after an adjournment or postponement of the meeting.

The close of business on March 23, 2010 has been fixed as the record date for the determination of stockholders entitled to receive notice of and to vote at the Annual Meeting and any reconvened meeting after an adjournment or postponement of the meeting.

You are cordially invited to attend the meeting. **WHETHER OR NOT YOU PLAN TO ATTEND THE MEETING, PLEASE VOTE AS SOON AS POSSIBLE.**

By Order of the Board of Directors,  
Kimberly M. O'Brien  
Corporate Secretary

April 5, 2010

## **DYNEGY INC.**

**1000 Louisiana Street, Suite 5800**

**Houston, Texas 77002**

**(713) 507-6400**

### **PROXY STATEMENT**

### **GENERAL INFORMATION**

#### **Why am I receiving these materials?**

The Board of Directors of Dynegy Inc., or the Board, has made these materials available to you over the internet or, has delivered printed versions of these materials to you by mail, in connection with the Board's solicitation of proxies for use at the 2010 Annual Meeting of Stockholders, or the Annual Meeting. The Annual Meeting is scheduled to be held on Friday, May 21, 2010 at 10:00 a.m., local time, at Dynegy's headquarters, Wells Fargo Plaza, 1000 Louisiana Street, Houston, Texas 77002. This solicitation is for proxies for use at the Annual Meeting or at any reconvened meeting after an adjournment or postponement of the Annual Meeting.

#### **What is included in these materials?**

These materials include our proxy statement for the Annual Meeting and our 2009 Annual Report to Stockholders, or Annual Report, which includes our audited consolidated financial statements. If you received printed versions of these materials, a proxy card for the Annual Meeting is also included.

#### **What items will be voted on at the Annual Meeting?**

There are seven items that will be voted on at the Annual Meeting:

1. The election of seven directors to serve until the 2011 Annual Meeting of Stockholders;
2. A proposal to approve an amendment and restatement of Dynegy's Amended and Restated Certificate of Incorporation to effect a reverse stock split of Dynegy's outstanding common stock at a reverse split ratio of 1-for-5 and to proportionately decrease the number of authorized shares of Dynegy's capital stock;
3. A proposal to approve an amendment and restatement of Dynegy's Amended and Restated Certificate of Incorporation to refer to our Class A common stock as "Common Stock" and remove all references to Class B common stock;
4. A proposal to approve the Dynegy Inc. 2010 Long Term Incentive Plan;

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5. A proposal to approve the amended and restated Dynegy Inc. Incentive Compensation Plan;
  6. A proposal to ratify the appointment of Ernst & Young LLP as Dynegy's independent registered public accountants for the fiscal year ending December 31, 2010; and
  7. A stockholder proposal regarding greenhouse gas emissions, if properly presented at the Annual Meeting.
- Additionally, if needed, the stockholders may act upon any other matters that may properly come before the meeting (including a proposal to adjourn the meeting to solicit additional proxies) or any reconvened meeting after an adjournment or postponement of the meeting.

**What are the Board's voting recommendations?**

The persons named as proxies were designated by the Board. Any proxy given pursuant to this solicitation and received prior to the Annual Meeting will be voted as specified in the proxy card. If you return a properly executed proxy card but do not mark any voting selections, then your proxy will be voted as follows in accordance with the recommendations of the Board:

Proposal 1 **FOR** the election of the seven director nominees to the Board;

Proposal 2 **FOR** the amendment and restatement of Dynegy's Amended and Restated Certificate of Incorporation to effect a reverse stock split of Dynegy's outstanding common stock at a reverse split ratio of 1-for-5 and to proportionately decrease the number of authorized shares of Dynegy's capital stock;

Proposal 3 **FOR** the amendment and restatement of Dynegy's Amended and Restated Certificate of Incorporation to refer to our Class A common stock as "Common Stock" and remove all references to Class B common stock;

Proposal 4 **FOR** approval of the Dynegy Inc. 2010 Long Term Incentive Plan;

Proposal 5 **FOR** approval of the amended and restated Dynegy Inc. Incentive Compensation Plan;

Proposal 6 **FOR** ratification of the appointment of Ernst & Young LLP as our independent registered public accountants;

Proposal 7 **AGAINST** the stockholder proposal regarding greenhouse gas emissions; and

In accordance with the judgment of the persons named as proxies on such other matters as may properly come before the Annual Meeting or any adjournment or postponement of the Annual Meeting.

**Why did I receive a one-page notice in the mail regarding the internet availability of proxy materials instead of a full set of proxy materials?**

Pursuant to the rules adopted by the Securities and Exchange Commission, or SEC, we are providing electronic access to our proxy materials over the internet. Accordingly, we sent a Notice of Internet Availability of Proxy Materials, or Notice, to our stockholders of record and beneficial owners, which was first mailed on or about April 5, 2010. Instructions on how to access the proxy materials over the internet are included in the Notice.

Stockholders may also request via the internet to receive a printed set of the proxy materials at [www.proxyvote.com](http://www.proxyvote.com), by sending an email to [sendmaterial@proxyvote.com](mailto:sendmaterial@proxyvote.com), or calling 1-800-579-1639. In addition, stockholders may request via the internet, telephone or by email to receive proxy materials in printed form on an ongoing basis.

Current and prospective investors can also access or order free copies of our Annual Report, proxy statement, Notice and other financial information through the Investor Relations section of our web site at [www.dynegy.com](http://www.dynegy.com), by calling 713-507-6400 or by writing to Investor Relations Department, Dynegy Inc., 1000 Louisiana Street, Suite 5800, Houston, Texas 77002.

**How can I get electronic access to the proxy materials?**

The Notice provides you with instructions regarding how to:



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View proxy materials for the Annual Meeting on the internet; and

Instruct us to send our future proxy materials to you electronically by email.

Choosing to receive your future proxy materials by email will save us the cost of printing and mailing documents to you and will reduce the impact of our Annual Meetings on the environment. If you choose to receive future proxy materials by email, you will receive an email next year with instructions containing a link to those materials and a link to the proxy voting site. Your election to receive proxy materials by email will remain in effect until you terminate it. Internet/Telephone voting for the Annual Meeting will close at 11:59 p.m., Eastern Time, on May 20, 2010.

**Why did I only receive one set of materials when there is more than one stockholder at my address?**

If two or more stockholders share one address, each such stockholder may not receive a separate copy of our Annual Report, proxy statement or Notice. Stockholders who do not receive a separate copy of our Annual Report, proxy statement or Notice and want to receive a separate copy may request to receive a separate copy of, or additional copies of, our Annual Report, proxy statement or Notice via the internet, email or telephone as outlined above. Stockholders who share an address and receive multiple copies of our Annual Report, proxy statement or Notice may also request to receive a single copy following the instructions above.

**What is the quorum requirement for the Annual Meeting?**

With respect to each matter to be considered at the Annual Meeting, a majority of the outstanding shares of our common stock entitled to vote on each such matter, represented in person or by proxy, shall constitute a quorum for consideration of each such matter. Abstentions and broker non-votes shall be counted in determining the number of outstanding shares represented in person or by proxy for each matter.

**Who may vote at and attend the Annual Meeting?**

Because of limited seating, only stockholders, their proxy holders and our guests may attend the Annual Meeting. If you owned shares of our common stock at the close of business on March 23, 2010, the record date, then you may attend and vote at the Annual Meeting or any adjournment or postponement of the Annual Meeting. If you have beneficial ownership of shares of our common stock held by a bank, brokerage firm or other nominee, you must bring a brokerage statement or other proper evidence of your beneficial ownership of common stock as of March 23, 2010 in order to be admitted to the Annual Meeting.

As of the record date, there were outstanding 601,442,745 shares of Class A common stock. Upon consummation of our strategic transactions in late 2009, all of our outstanding shares of Class B common stock were either converted to Class A common stock or cancelled. Please see [Transactions with Related Persons, Promoters and Certain Control Persons](#) [LS Power Transactions](#) for more information. Class A common stock is the only class of outstanding securities entitled to notice of and to vote at the Annual Meeting.

**What is the difference between holding shares as a stockholder of record and as a beneficial owner of shares held in street name?**

**Stockholder of Record.** If your shares are registered in your name with our transfer agent, Mellon Investor Services LLC (operating under the service name BNY Mellon Shareowner Services), you are considered the stockholder of record with respect to those shares, and the Notice was sent directly to you by us.

**Beneficial Owner of Shares Held in Street Name.** If your shares are held in an account at a brokerage firm, bank, broker-dealer or other similar organization, then you are the beneficial owner of shares held in street name and the Notice was forwarded to you by that organization. The organization holding your account is considered the stockholder of record for purposes of voting at the Annual Meeting. As a beneficial owner, you have the right to direct that organization on how to vote the shares held in your account.

**If I am a stockholder of record of Dynegy's shares, how do I vote?**

If you are a stockholder of record, you may vote in person at the Annual Meeting. We will provide a ballot when you arrive. If you do not wish to vote in person or if you will not be attending the Annual Meeting, you may vote by proxy. You may vote by proxy over the internet by following the instructions provided in the Notice, by telephone, or, if you received printed copies of the proxy materials, you may also vote by mail. **Please vote as soon as possible.**

**If I am a beneficial owner of shares held in street name, how do I vote?**

If you are a beneficial owner of shares held in street name and you wish to vote in person at the Annual Meeting, you must obtain a valid proxy from the organization that holds your shares. If you do not wish to vote in person or you will not be attending the Annual Meeting, you may vote by proxy. You may vote by proxy over the internet by following the instructions provided in the Notice, by telephone, or, if you received printed copies of the proxy materials, you may also vote by mail. **Please vote as soon as possible.**

**What happens if I do not give specific voting instructions?**

**Stockholder of Record.** If you are a stockholder of record and you:

indicate when voting on the internet or by telephone that you wish to vote as recommended by our Board; or

if you sign and return a proxy card without giving specific voting instructions, then the proxy holders will vote your shares in the manner recommended by our Board on all matters presented in this proxy statement and as the proxy holders may determine in their discretion with respect to any other matters properly presented for a vote at the Annual Meeting.

**Beneficial Owner of Shares Held in Street Name; Broker Non-Votes .** If you are a beneficial owner of shares held in street name and do not provide the organization that holds your shares with specific voting instructions, under the rules of the New York Stock Exchange, or NYSE, in effect at the time this proxy statement was printed, the organization that holds your shares may generally vote on routine matters but cannot vote on non-routine matters. If the organization that holds your shares does not receive instructions from you on how to vote your shares on a non-routine matter, the organization that holds your shares will inform our Inspector of Election that it does not have the authority to vote on this matter with respect to your shares. This is generally referred to as a broker non-vote. When our Inspector of Election tabulates the votes for any particular matter, broker non-votes will be counted for purposes of determining whether a quorum is present for that matter, but will not otherwise be counted. **Please note that starting this year the rules that determine how your broker can vote your shares have changed. Brokers may no longer vote your shares on the election of directors in the absence of your specific instructions as to how to vote. Please provide your broker with voting instructions as soon as possible so that your vote can be counted.** We encourage you to provide voting instructions to the organization that holds your shares by carefully following the instructions provided in the Notice.

**Which ballot measures are considered routine or non-routine ?**

Proposal 2 (Reverse Stock Split), Proposal 3 (Elimination of References to Class B common Stock in the Amended and Restated Certificate of Incorporation), and Proposal 6 (Ratification of Independent Registered Public Accountants) involve matters that we believe will be considered routine.

Proposal 1 (Election of Directors), Proposal 4 (2010 Long Term Incentive Plan), Proposal 5 (Amended and Restated Incentive Compensation Plan) and Proposal 7 (Stockholder Proposal Regarding Greenhouse Gas Emissions) involve matters that we believe will be considered non-routine.

**How are abstentions and broker non-votes treated?**

For the purpose of determining whether a quorum is present, abstentions and broker non-votes shall be counted in determining the number of outstanding shares represented in person or by proxy for each matter.

For each non-routine proposal, including whether the stockholders have elected the seven director nominees, broker non-votes are not counted. **Please note that starting this year the rules that determine how your broker can vote your shares have changed. Brokers may no longer vote your shares on the election of directors in the absence of your specific instructions as to how to vote. Please provide your broker with voting instructions as soon as possible so that your vote can be counted.** You cannot abstain in the election of directors you can only vote FOR the director nominees or WITHHOLD VOTES for such nominees.

For each proposal other than the election of directors, an abstention will have the same effect as a vote AGAINST such proposal.

**What is the voting requirement to approve each of the proposals?**

The following table sets forth the voting requirement with respect to each of the proposals:

Proposal 1 Election of seven directors to serve until the 2011 Annual Meeting of Stockholders	Seven persons have been nominated by the Board for election to serve as directors for one-year terms.
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The holders of our common stock are entitled to vote on the election of the directors. The directors are elected by a plurality of the shares of common stock represented in person or by proxy and entitled to vote on the election of directors, subject to our majority voting policy discussed below. This means that the seven individuals nominated for election to the Board who receive the most FOR votes among votes properly cast in person or by proxy will be elected. Each holder of our common stock is entitled to one vote for each share held and does not have cumulative voting rights.

Only FOR or WITHHELD votes are counted in determining whether a plurality has been cast in favor of a director nominee. You cannot abstain in the election of directors and broker non-votes are not counted. A WITHHELD vote will have the same effect as a vote AGAINST the election of a director nominee under our majority voting policy, which is described below.

Majority voting policy: In April 2007, we adopted a majority voting policy for our director elections. This policy states that in an uncontested election like this one, any director nominee who receives a greater number of votes WITHHELD for his or her election than votes FOR such election must offer his or her resignation to the Board promptly following certification of the stockholder vote. The Corporate Governance and Nominating Committee is required to recommend to the Board whether such offered resignation should be accepted or rejected. The Board will determine whether to accept or reject the resignation offer and will promptly disclose its decision-making process and

decision regarding an offered resignation in a document furnished to or filed with the SEC. Please read our Corporate Governance Guidelines posted in the Corporate Governance section of our web site at [www.dynegy.com](http://www.dynegy.com) for more information regarding our majority voting policy.

Proposal 2 Act upon a proposal to approve an amendment and restatement of Dynegy's Amended and Restated Certificate of Incorporation to effect a reverse stock split of Dynegy's outstanding common stock at a reverse split ratio of 1-for-5 and to proportionately decrease the number of authorized shares of Dynegy's capital stock

The affirmative vote of a majority of the shares of common stock outstanding and entitled to vote is required to approve the proposal to approve the amendment and restatement of Dynegy's Amended and Restated Certificate of Incorporation to effect a reverse stock split of Dynegy's outstanding common stock at a reverse split ratio of 1-for-5 and to proportionately decrease the number of authorized shares of Dynegy's capital stock. Each holder of our common stock is entitled to one vote for each share held. Abstentions will have the same effect as a vote AGAINST this proposal.

Proposal 3 Act upon a proposal to approve an amendment and restatement of Dynegy's Amended and Restated Certificate of Incorporation to refer to our Class A common stock as Common Stock and remove all references to Class B common stock

The affirmative vote of a majority of the shares of common stock outstanding and entitled to vote is required to approve the proposal to approve the amendment and restatement of Dynegy's Amended and Restated Certificate of Incorporation to refer to our Class A common stock as Common Stock and remove all references to Class B common stock. Each holder of our common stock is entitled to one vote for each share held. Abstentions will have the same effect as a vote AGAINST this proposal.

Proposal 4 Act upon a proposal to approve the Dynegy Inc. 2010 Long Term Incentive Plan

The affirmative vote of a majority of the votes cast is required to approve the proposal to approve the Dynegy Inc. 2010 Long Term Incentive Plan. Each holder of our common stock is entitled to one vote for each share held. Abstentions will have the same effect as a vote AGAINST this proposal. Broker non-votes are not counted.

Proposal 5 Act upon a proposal to approve the amended and restated Dynegy Inc. Incentive Compensation Plan

The affirmative vote of a majority of the votes cast is required to approve the proposal to approve the amended and restated Dynegy Inc. Incentive Compensation Plan. Each holder of our common stock is entitled to one vote for each share held. Abstentions will have the same effect as a vote AGAINST this proposal. Broker non-votes are not counted.

Proposal 6 Ratification of the appointment of Ernst & Young LLP as Dynegy's independent registered public accountants for the fiscal year ending December 31, 2010

The affirmative vote of a majority of the shares of common stock represented in person or by proxy at the meeting and entitled to vote is required to ratify the choice of independent registered public accountants. Each holder of our common stock is entitled to one vote for each share held. Abstentions will have the same effect as a vote AGAINST this proposal.

Proposal 7 Act upon a stockholder proposal regarding greenhouse gas emissions

The affirmative vote of a majority of the shares of common stock represented in person or by proxy at the meeting and entitled to vote is required to approve the stockholder

proposal. Abstentions will have the same effect as a vote AGAINST this proposal. Broker non-votes are not counted.

**May I change my vote after I have voted?**

You may revoke your proxy and change your vote at any time before the final vote at the Annual Meeting by:

Executing and submitting a revised proxy (including a telephone or internet vote, which must be received by 11:59 p.m., Eastern Time, on May 20, 2010);

Sending written notice of revocation to our Corporate Secretary at the address provided below (which must be received by 11:59 p.m., Eastern Time, on May 20, 2010); or

Voting in person at the Annual Meeting.

In the absence of a revocation, shares represented by proxies will be voted at the Annual Meeting.

**Is my vote confidential?**

Proxy instructions, ballots and voting tabulations that identify individual stockholders are handled in a manner that protects your voting privacy. Your vote will not be disclosed either within Dynegy or to third parties, except:

As necessary to meet applicable legal requirements;

To allow for the tabulation and certification of votes; and

To facilitate a successful proxy solicitation.

With respect to shares of our common stock held by our and our affiliates 401(k) plans, Fiduciary Counselors Inc. has been appointed to act as the independent fiduciary responsible for ensuring that procedures are in place to safeguard the confidentiality of your proxy directions to the trustee and that those procedures are being followed.

**Who is paying the cost of this proxy solicitation?**

We will bear the cost of soliciting proxies. Proxies may be solicited by mail or facsimile, or by our directors, officers or employees, without extra compensation, in person or by telephone. We have retained The Altman Group, Inc. to assist in the solicitation of proxies for a fee of approximately \$100,000 plus out-of-pocket expenses. We will reimburse brokerage houses and other custodians, nominees and fiduciaries for their reasonable out-of-pocket expenses for forwarding solicitation material to the beneficial owners of our common stock.

**What if I have questions about the proposals?**

Questions concerning the proposals to be acted upon at the Annual Meeting should be directed to:

Dynegy Inc.

Attention: Investor Relations Department

1000 Louisiana Street, Suite 5800

Houston, Texas 77002

(713) 507-6400

OR

The Altman Group

1200 Wall Street West, 3<sup>rd</sup> Floor

Lyndhurst, NJ 07071

(800) 311-8393

[dyninfo@altmangroup.com](mailto:dyninfo@altmangroup.com)

**How can I find out if I am a stockholder of record entitled to vote?**

For a period of at least ten days before the Annual Meeting, a complete list of stockholders of record entitled to vote at the Annual Meeting will be available during ordinary business hours at our principal executive office for inspection by stockholders of record for proper purposes. The list of stockholders will also be available at the Annual Meeting and may be inspected by any stockholder who is present.



**REFERENCES TO DYNEGY AND COMMON STOCK**

Unless otherwise indicated, references to Dynegy, the Company, we, our, and us in the biographical and compensation information for directors and executive officers below refers to Board membership, employment and compensation with respect to Dynegy Inc.

References to common stock in the proxy materials refer to Class A common stock, as we no longer have shares of Class B common stock outstanding. Please see Transactions with Related Persons, Promoters and Certain Control Persons LS Power Transactions for more information.

**Incorporation by Reference**

To the extent that this proxy statement is incorporated by reference into any other filing by us under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, or the Exchange Act, the sections of this proxy statement entitled Compensation and Human Resources Committee Report and Audit and Compliance Committee Report will not be deemed incorporated unless specifically provided otherwise in such filing, to the extent permitted by the rules of the SEC. Information contained on or connected to our web site is not incorporated by reference into this proxy statement and should not be considered part of this proxy statement or any other filing that we make with the SEC.

## CORPORATE GOVERNANCE

In December 2009, the Board unanimously adopted amended and restated Corporate Governance Guidelines. The Corporate Governance Guidelines, which were developed and recommended by the Corporate Governance and Nominating Committee, are posted in the Corporate Governance section of our web site at [www.dynegy.com](http://www.dynegy.com) and are available upon request to our Corporate Secretary, together with the following documents:

Amended and Restated Certificate of Incorporation;

Amended and Restated Bylaws;

Code of Business Conduct and Ethics;

Code of Ethics for Senior Financial Professionals;

Related Party Transactions Policy;

Complaint and Reporting Procedures for Accounting and Auditing Matters (Whistleblower Policy);

Policy for Communications with Directors;

Audit and Compliance Committee Charter;

Compensation and Human Resources Committee Charter; and

Corporate Governance and Nominating Committee Charter.

### **Corporate Governance Guidelines**

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

The independence and other qualifications of our Board members, with respect to which we require that at least 75% of our Board members be independent of Dynegy and our management;

The requirement that any director nominee in an uncontested election who receives a greater number of votes withheld for his or her election than votes for such election must offer his or her resignation to the Board;

The regular meetings of our non-employee and independent directors and the roles and duties of the Lead Director;

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The nomination of persons for election to the Board;

The evaluation of performance of the Board and its committees;

Our expectation that our Board members will attend all annual stockholder meetings;

Compensation of the Board and stock ownership guidelines for non-employee directors;

The Chairman of the Board, or Chairman, and Chief Executive Officer positions;

The approval of the compensation of the Chief Executive Officer; and

The review of performance-based compensation of our senior executives following a restatement that impacts the achievement of performance targets relating to that compensation.

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

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

### **Code of Ethics for Senior Financial Professionals**

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

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

Our Complaint and Reporting Procedures for Accounting and Auditing Matters provide for (1) the receipt, retention and treatment of complaints, reports and concerns regarding accounting, internal accounting controls or auditing matters, and (2) the confidential, anonymous submission of complaints, reports and concerns by employees regarding questionable accounting or auditing matters, in each case relating to Dynegy. Complaints may be made through a toll-free Integrity Helpline telephone number operated by an independent third-party and a dedicated email address. Complaints received are logged by the Ethics and Compliance Office, communicated to the chairman of our Audit and Compliance Committee and investigated, under the supervision of our Audit and Compliance Committee, by our Internal Audit department or Ethics and Compliance Office. In accordance with Section 806 of the Sarbanes-Oxley Act of 2002, or SOX, these procedures prohibit us from taking adverse action against any person submitting a good faith complaint, report or concern.

### **Policy for Communications with Directors**

Our Policy for Communications with Directors provides a means for stockholders and other interested parties to communicate with the Board. Under this policy stockholders and other interested parties may communicate with the Board or specific members of the Board by sending a letter to Dynegy Inc., Communications with Directors, Attn: Corporate Secretary, 1000 Louisiana Street, Suite 5800, Houston, Texas 77002.

### **Director Attendance at Annual Meeting**

As detailed in our Corporate Governance Guidelines, Board members are requested and encouraged to attend the Annual Meeting. All of the members of the Board then in office attended last year's Annual Meeting held on May 22, 2009.

### **Board Risk Oversight**

The Board has ultimate responsibility for protecting stockholder value. Among other things, the Board is responsible for understanding the risks to which we are exposed, approving management's strategy to manage these risks, establishing policies that monitor and manage defined risks and measuring management's performance against the strategy. The Board's oversight responsibility for managing risk is detailed in our Risk Policy Statement.

The Risk Policy Statement provides a structure around risk and defines the risks that we accept in the normal course of business. The Risk Policy Statement, in some instances, requires that separate policy documentation be in place including Interest Rate Risk and Investment Policy, Disclosure Controls and Procedures Policy, Insurance Operational Risk Policy, Credit Risk Policy, Investment Policy (Employee Benefit Plans), and Commodity Risk Policy. Although not mandated by the Risk Policy Statement, our Delegation of Authority policy and the Code of Business Conduct and Ethics are complementary and critical to the risk management process. Our Executive Management Team is responsible for managing the above risks and reports on such matters to the applicable Board committees. Further, our Ethics and Compliance Office reports directly to the General Counsel and indirectly to the Chairman and Chief Executive Officer and the Audit and Compliance Committee Chairman. The Ethics and Compliance Office meets regularly with the Audit and Compliance Committee.

The Risk Policy Statement can be amended with the approval of our Audit and Compliance Committee on behalf of the Board. The Audit and Compliance Committee oversees the risks associated with the integrity of our financial statements and our compliance with legal and regulatory requirements. In addition, the Audit and Compliance Committee discusses policies with respect to risk assessment and risk management, including major financial risk exposure and the steps management has taken to monitor and control such exposures. The Audit and Compliance Committee reviews with management, internal auditors, and external auditors the accounting policies, the system of internal controls and the quality and appropriateness of disclosure and content in the financial statements or other external financial communications. The Audit and Compliance Committee also performs oversight of the business ethics and compliance program, reviews the programs and policies designed to assure compliance with our Code of Business Conduct and Ethics and applicable laws and regulations and monitors the results of the compliance efforts. Further, as part of their risk assessment responsibility, the Audit and Compliance Committee oversees our commodity risk monitored by our commodity risk control group.

The Compensation and Human Resources Committee, or Human Resources Committee, oversees risks primarily associated with our ability to attract, motivate and retain quality talent, particularly executive talent, and disclosure of our executive compensation philosophies, strategies and activities. The Human Resources Committee conducted a risk assessment in early 2010 to reaffirm that our short-term incentive program, and lack of separate plans or incentives for individual functions, discourages excessive risk taking. This involved a review of a set of risk assessment considerations related to our short-term and long-term incentive programs. The goal of this effort was to establish a formal process for assessing and monitoring risk related to our compensation programs and for reviewing certain policies to ensure that appropriate controls exist to mitigate any identified risk. Following this review, the Human Resources Committee concluded that our incentive programs, including our common approach to the short-term incentive plan, collectively foster cooperation, discourage excessive risk taking and risk-taking behaviors, and focus award opportunities on measures that are aligned with our business strategy and the interests of our stockholders.

The Corporate Governance and Nominating Committee, or Nominating Committee, oversees risks primarily associated with our ability to attract, motivate and retain quality directors and our corporate governance programs and practices and our compliance therewith. The full Board oversees risks primarily associated with our commercial and operating performance and our environmental, health and safety performance.

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

As discussed in our Corporate Governance Guidelines, the Board's policy with respect to the separation of the Chairman and Chief Executive Officer positions is that the interests of our stockholders are best served by a policy that enables the Board to make a determination regarding its Chairman based on our needs and the particular skill sets that are available at the time. The Board believes that our Chief Executive Officer is currently best situated to serve as Chairman because he is the director most familiar with our business and most capable of effectively identifying strategic priorities and leading the discussion and execution of strategy. Our independent directors bring experience, oversight and expertise from outside the company, while the Chief Executive Officer brings company-specific experience and expertise. The Board believes that the combined role of Chairman and Chief Executive Officer facilitates information flow between management and the Board, which is essential during current business conditions. To that end, the Board has determined that Bruce A. Williamson, our current Chairman, President and Chief Executive Officer, will remain as Chairman following the Annual Meeting, assuming he is re-elected by our stockholders to serve as a director for another year.

The Lead Director must be independent and is expected to devote a greater amount of time to Board service than the other directors. The Board intends that Patricia A. Hammick will remain Lead Director, assuming she is re-elected by our stockholders to serve as a director for another year. As Lead Director, Ms. Hammick presides over the regular sessions of our non-management directors and has the other powers and duties described in our Amended and Restated Bylaws, or Bylaws, and Corporate Governance Guidelines, including representing the

interests of the non-management directors when conferring with senior management between Board meetings and in consulting with the Chairman regarding Board meeting agendas.

One of the key responsibilities of the Board is to approve strategic direction and hold management accountable for the execution of strategy once it is developed. The Board has concluded that the combined role of Chairman and Chief Executive Officer, together with an independent Lead Director having the duties described above, is currently in the best interest of stockholders because it provides an appropriate balance between our Chairman's ability to specifically manage strategic development and our Lead Director's independent objective oversight of our management.

### Stock Ownership Guidelines

We have stock ownership guidelines for directors, members of the executive management team and other officers. We believe that a significant ownership stake by directors and officers leads to a stronger alignment of interests between directors, officers and stockholders. These guidelines, which were developed with the assistance of an independent compensation consultant, support our corporate governance focus and provide further alignment of interests among our directors and executive officers and stockholders.

**Directors.** Each non-employee director is expected to own a meaningful amount of Dynegy common stock; specifically, our director stock ownership guidelines (effective November 2008) reflect an expectation that within three years of joining the Board, each non-employee director shall own at least the number of shares equivalent to three times their annual cash retainer. The shares counted for purposes of directors' stock ownership guidelines include shares owned outright, annual phantom stock grants awarded under our Deferred Compensation Plan for Certain Directors, as amended and restated, or Directors Deferred Compensation Plan, and other share-based equivalents that we may use from time to time.

**Officers.** The shares counted for purposes of our officers' common stock ownership guidelines include shares owned outright, unvested restricted shares, in-the-money vested stock options, shares held pursuant to our employee benefits plans and other share-based equivalents that we may use from time to time. The guidelines are expressed as a multiple of base salary and vary by level, as follows:

Chief Executive Officer	5 x annual base salary
Executive Vice President	3 x annual base salary
Senior Vice President	2.25 x annual base salary
Vice President	1 x annual base salary

There is a mandatory five-year compliance period, and executives are encouraged to accumulate one-fifth of their holding requirement during each year of the five-year period. The Nominating Committee will monitor each executive's progress toward the required ownership level on an annual basis. As part of the Corporate Governance and Nominating Committee's annual review, current market conditions will be taken into consideration, as appropriate. During the five-year ramp-up period, and as effective as of March 2010, each covered officer, as determined from time to time by the Board, is expected to retain any shares of stock acquired with the exercise of options or the lapse of restrictions on restricted stock, net of funds necessary to pay the exercise price of stock options and for payment of applicable taxes, sufficient to allow for accumulation of at least one-fifth of the officer's holding requirements during each year of such period. No such holding requirement shall apply to shares of stock acquired with the exercise of options or lapse of restrictions on restricted stock to the extent such shares would exceed the number of shares required under the immediately preceding sentence. At the end of the five-year period, if any executive fails to attain the required level of common stock ownership, action may be taken, in the discretion of the Nominating Committee considering all factors it deems relevant, including awarding annual incentive cash bonuses in the form of restricted shares or requiring an executive to refrain from disposing of any vested shares and shares realized from any option exercise.

**Affirmative Determinations Regarding Director Independence and Other Matters**

The Board previously determined that each of the following directors who served in 2009, as well as the nominees proposed to be elected at the Annual Meeting, were or are, as the case may be, independent as such term is defined in the NYSE Listed Company Standards:

David W. Biegler

Thomas D. Clark, Jr.

Victor E. Grijalva

Patricia A. Hammick

George L. Mazanec

Howard B. Sheppard

William L. Trubeck

The Board has also determined that each member of the Audit and Compliance Committee, the Human Resources Committee and the Nominating Committee meets the independence requirements applicable to those committees prescribed by the NYSE and the SEC. The Board has further determined that more than one of the members of the Audit and Compliance Committee, including its current Chairman, William L. Trubeck, are audit committee financial experts as such term is defined in Item 407(d) of the SEC's Regulation S-K.

The Nominating Committee reviewed the answers to annual questionnaires completed by the directors as well as the above-described legal standards for Board and committee member independence and the criteria applied to determine audit committee financial expert status. On the basis of this review, the Nominating Committee made its recommendation to the full Board and the Board made its independence and audit committee financial expert determinations after consideration of the Nominating Committee's recommendation and a review of the materials made available to the Nominating Committee.

**Director Nomination Process and Qualification Review of Director Nominees**

*Process.* Our director nominees are approved by the Board after considering the recommendation of the Nominating Committee. A copy of the Nominating Committee's charter is available in the Corporate Governance section of our web site at [www.dynegy.com](http://www.dynegy.com).

Our Amended and Restated Certificate of Incorporation provides that, so long as any share of Class B common stock is outstanding, our Board shall consist of 11 members and that after all shares of Class B common stock have been converted into shares of Class A common stock, the number of our directors shall be fixed from time to time exclusively by our Board. With the closing of the strategic transactions in November 2009, there are no shares of Class B common stock outstanding. The Board has fixed the number of our directors at seven, subject to adjustment by the Board in accordance with our Amended and Restated Certificate of Incorporation. Please see Transactions with Related Persons, Promoters and Certain Control Persons LS Power Transactions for more information.

The Nominating Committee reviews annually the composition of the Board as a whole and recommends, if necessary, measures to be taken so that the Board reflects the appropriate balance of knowledge, experience, skills, expertise and diversity required for the Board as a whole and contains at least the minimum number of independent directors required by applicable laws and regulations. The Nominating Committee is responsible for ensuring that the composition of the Board accurately reflects the needs of our business and, in furtherance of this goal, proposing the nomination of directors for purposes of obtaining the appropriate members and skills. The Nominating Committee identifies nominees in various ways. The committee considers the current directors that have expressed an interest in and that continue to satisfy the criteria for serving on the Board as set forth in our Corporate Governance Guidelines. Other nominees that may be proposed by current directors or members of management or by stockholders are also considered. From time to time, the committee engages a professional firm to identify and evaluate potential director nominees.

**Qualifications.** All director nominees, whether proposed by a stockholder or otherwise, are evaluated in accordance with the qualifications set forth in our Corporate Governance Guidelines. These guidelines require that directors possess the highest personal and professional ethics, integrity and values and be committed to representing the long-term interests of our stockholders at large. They must also have an inquisitive and objective perspective, practical wisdom, mature judgment and sufficient personal resources such that any director compensation to be received from Dynegy would not be sufficiently meaningful to impact their judgment in reviewing matters coming before the Board. Finally, they must be able to work compatibly with the other members of the Board and otherwise have the experience and skills necessary to enable them to serve as productive members of the Board. Directors also must be willing to devote sufficient time to carrying out their fiduciary duties and other responsibilities effectively and should be committed to serve on the Board for an extended period of time. Under our Corporate Governance Guidelines, directors generally will not be nominated for election after their 72nd birthday unless the Board determines circumstances make it in the best interest of stockholders to do so. For additional information, please read our Corporate Governance Guidelines.

In connection with the director nominations for the 2010 Annual Meeting, the Nominating Committee also considered the nominees (1) experience in the energy industry and understanding of the energy markets, (2) publicly traded company and board experience, (3) knowledge in the areas of laws and regulations related to environmental, health, safety and other key industry issues, (4) strategic planning skills, (5) knowledge of corporate governance issues coupled with an appreciation of their practical application, and (6) accounting expertise, including audit, internal controls and risk management.

Each nominee brings a strong and unique background and set of skills to the Board, giving the Board as a whole competence and experience in a wide variety of areas, including energy, strategic planning, corporate governance and board service, executive management, engineering, academia, accounting and finance, operations, manufacturing, government and international business. Set forth below are the various qualifications, attributes, skills and experience of our director nominees considered important by the Board in determining that such nominee should serve as a director. For information concerning each director nominee's principal occupation, directorships and additional biographical information, please see Proposal 1 Election Of Directors Information on Director Nominees.

*Bruce A. Williamson.* Mr. Williamson has extensive experience in executive management, risk management and finance, and business development in the energy industry, both domestic and international. He brings to the Board a strong understanding of the energy markets in general and Dynegy in particular, and he led Dynegy through a very successful financial restructuring. Mr. Williamson is Chairman of our Board and utilizes his leadership and consensus building skills to lead the Board. He also serves on the board of another publicly traded company.

*David W. Biegler.* Mr. Biegler has an extensive background in corporate governance and in the energy industry. He has served as a senior executive of several large corporations in the energy industry, including corporations with power operations. He has broad based knowledge in power generation and energy marketing and possesses extensive general management experience. He contributes significantly to the oversight responsibilities on matters relating to executive compensation and compensation strategy and serves as our Compensation and Human Resources Committee chair. He has experience on multiple public boards and committees and is currently serving as Chairman and Chief Executive Officer for Southcross Energy, LLC.

*Thomas D. Clark, Jr.* Mr. Clark holds a doctorate in business administration with a concentration in financial management, large system analysis, and corporate policy development and through his work with Strategy Associates is recognized as an authority in strategy development and management. He brings extensive marketing and business leadership skills from his career in academia as a distinguished professor in business administration and as an active and experienced consultant to senior management. He leads the Board's corporate governance review and oversight processes and serves as our Corporate Governance and Nominating Committee chair. He is currently serving on an additional public board and its committees and serves on the boards of several community organizations.



*Victor E. Grijalva.* Mr. Grijalva brings a strong technical background to our Board, with a masters degree in electrical engineering, and has significant experience managing several technical businesses. In addition to his extensive technical knowledge, he qualifies as an audit committee financial expert under SEC guidelines due to his many years of experience as an executive in charge of strategy and financial results for Schlumberger Oilfield Services and his service on the Audit Committees of other public boards. In total, he has served on the boards of four public companies and in addition to the audit committee, has participated on the compensation, financial, governance and performance committees.

*Patricia A. Hammick.* Ms. Hammick brings strategy and business leadership skills from her experience in energy operations, regulatory compliance and academia. She has executive management experience in many areas of the energy industry, including natural gas production, transmission, distribution, oil production and power generation and development as well as functional experience with major merger and acquisition transactions and shareholder relations. Ms. Hammick's leadership skills are employed as the Board's Lead Director and also in the capacity of chair of the former Independent Director Committee. She currently serves on the boards of two additional public companies where she has chaired the Governance and Nominating Committee and other independent committees.

*Howard B. Sheppard.* Mr. Sheppard brings extensive finance experience from his career at Chevron Corporation where he served as an Assistant Treasurer. As a result of this experience, he qualifies as an audit committee financial expert under SEC guidelines because of his broad understanding of accounting, tax and finance, as well as his thorough understanding of financial reporting processes and the related risk management associated with such processes. Further, he is well versed in strategic transactions and general management in the energy industry.

*William L. Trubeck.* Mr. Trubeck has a broad background in accounting and finance. His more than 30 years of experience in executive financial positions with large public companies and his MBA with a focus on finance and accounting qualify him as an audit committee financial expert under SEC guidelines. He currently serves as the chair of our Audit and Compliance Committee, and as the chair, he contributes significantly to the oversight of the integrity of our financial statements, internal controls and the performance of our risk assessment and risk management policies. He also serves as the chairman or a member of audit committees of other publicly traded companies.

**Retirement.** *George L. Mazanec.* Mr. Mazanec, who is currently serving as a director, will be retiring from the Board as of the conclusion of the Annual Meeting and is therefore not standing for re-election. We thank Mr. Mazanec for his services, contributions and leadership throughout his tenure as a director.

**Diversity.** The Board does not have a formal policy with respect to Board nominee diversity. In recommending proposed nominees to the full Board, the Nominating Committee is charged with building and maintaining a board that has an ideal mix of talent and experience to achieve our business objectives in the current environment. In particular, the Nominating Committee is focused on relevant subject matter expertise, depth of knowledge in key areas that are important to us, and diversity of thought, background, perspective and experience so as to facilitate robust debate and broad thinking on strategies and tactics pursued by us.

All of the director nominees set forth in this proxy statement and the accompanying proxy card are current directors standing for re-election.

**Future director nominations.** For purposes of the 2011 Annual Meeting, the Nominating Committee will consider any director nominations from a stockholder received by the Corporate Secretary by the close of business on February 20, 2011, but not before the close of business on January 21, 2011. See Future Stockholder Proposals below for more information. Any such nomination must be accompanied in writing by all information relating to such person that is required under the federal securities laws, including such person's written consent to be named in the proxy statement as a nominee and to serve as a director if elected. The