

DYNEGY INC.
Form 424B5
October 06, 2014

Use these links to rapidly review the document

[TABLE OF CONTENTS](#)

[TABLE OF CONTENTS](#)

[Table of Contents](#)

Filed Pursuant to Rule 424(b)(5)
Registration No. 333-199179

The information contained in this preliminary prospectus supplement is not complete and may be changed. This preliminary prospectus supplement and the accompanying prospectus are not an offer to sell these securities, and we are not soliciting an offer to buy these securities, in any jurisdiction where the offer or sale is not permitted.

PROSPECTUS SUPPLEMENT (Subject to Completion)
2014
(To Prospectus dated October 6, 2014)

Issued October 6,

22,500,000 Shares

DYNEGY INC.

COMMON STOCK

We are offering 22,500,000 shares of our common stock.

Our common stock is listed on the New York Stock Exchange under the symbol "DYN." On October 3, 2014, the reported last sale price of our common stock on the New York Stock Exchange was \$31.27 per share.

This offering is part of the financing for the Acquisitions (as defined herein). Concurrently with this offering, we are offering, by means of a separate prospectus supplement, 4,000,000 shares of our Series A Mandatory Convertible Preferred Stock (the "Mandatory Convertible Preferred Stock Offering"). In addition, subsequent to this offering and the Mandatory Convertible Preferred Stock Offering, we expect to obtain debt financing (the "Debt Financing"). We expect that this offering, the Mandatory Convertible Preferred Stock Offering, the Debt Financing and cash on hand will provide the funds necessary to complete the Acquisitions. The completion of this offering is not contingent on the completion of the Mandatory Convertible Preferred Stock Offering or the Debt Financing, and neither the Mandatory Convertible Preferred Stock Offering nor the Debt Financing is contingent on the completion of this offering. In addition, none of this offering, the Mandatory Convertible Preferred Stock Offering or the Debt Financing is or will be contingent on the consummation of the Acquisitions.

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This prospectus supplement is not an offer to sell or a solicitation of an offer to buy any securities being offered in the Mandatory Convertible Preferred Stock Offering or the Debt Financing.

Investing in our common stock involves risks. See "Risk Factors" beginning on page S-23 of this prospectus supplement.

	<i>PRICE \$</i>	<i>PER SHARE</i>
	<i>Underwriting Discounts and Commissions</i>	<i>Proceeds to Dynegy Inc., Before Expenses</i>
<i>Per Share</i>	\$	\$
<i>Total</i>	\$	\$

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities, or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The underwriters may also purchase up to an additional 3,375,000 shares of our common stock at the public offering price, less the underwriting discounts and commissions, within 30 days of the date of this prospectus supplement. If the underwriters exercise this option in full, the total price to the public would be \$, the total underwriting discounts and commissions would be \$ and the total proceeds to us would be \$.

The underwriters expect to deliver the common stock to purchasers on or about , 2014.

Joint Book-Running Managers

MORGAN STANLEY

BARCLAYS

CREDIT SUISSE

RBC CAPITAL MARKETS

UBS INVESTMENT BANK

Co-Managers

BNP PARIBAS

BOFA MERRILL LYNCH

CREDIT AGRICOLE CIB

DEUTSCHE BANK SECURITIES

J.P. MORGAN

MUFG

SUNTRUST ROBINSON HUMPHREY

, 2014

Table of Contents

TABLE OF CONTENTS

Prospectus Supplement

	Page
<u>Glossary of Terms and Abbreviations</u>	<u>S-i</u>
<u>About This Prospectus Supplement</u>	<u>S-iii</u>
<u>Industry and Market Data</u>	<u>S-iii</u>
<u>Summary</u>	<u>S-1</u>
<u>Risk Factors</u>	<u>S-23</u>
<u>Special Note on Forward-Looking Statements</u>	<u>S-38</u>
<u>Use of Proceeds</u>	<u>S-40</u>
<u>Capitalization</u>	<u>S-42</u>
<u>Price Range of our Common Stock</u>	<u>S-44</u>
<u>Dividend Policy</u>	<u>S-44</u>
<u>The Transactions</u>	<u>S-45</u>
<u>Ratio of Earnings to Fixed Charges</u>	<u>S-49</u>
<u>Overview of Financial Condition, Liquidity and Capital Resources</u>	<u>S-50</u>
<u>Description of the Operations of the Duke Midwest Assets and the ECP Assets</u>	<u>S-51</u>
<u>Industry Overview</u>	<u>S-54</u>
<u>Description of Common Stock</u>	<u>S-60</u>
<u>Description of Certain Indebtedness and Other Obligations</u>	<u>S-63</u>
<u>Material U.S Federal Tax Considerations</u>	<u>S-66</u>
<u>Underwriting</u>	<u>S-70</u>
<u>Where You Can Find More Information</u>	<u>S-76</u>
<u>Incorporation by Reference</u>	<u>S-76</u>
<u>Legal Matters</u>	<u>S-77</u>
<u>Experts</u>	<u>S-77</u>

Prospectus

	Page
<u>About This Prospectus</u>	<u>1</u>
<u>Risk Factors</u>	<u>2</u>
<u>Special Note on Forward-Looking Statements</u>	<u>2</u>
<u>Where You Can Find More Information</u>	<u>2</u>
<u>Incorporation by Reference</u>	<u>3</u>
<u>Dynegy Inc.</u>	<u>4</u>
<u>Use of Proceeds</u>	<u>5</u>
<u>Ratio of Earnings to Fixed Charges</u>	<u>6</u>
<u>Description of Securities</u>	<u>7</u>
<u>Plan of Distribution</u>	<u>8</u>
<u>Validity of Securities</u>	<u>8</u>
<u>Experts</u>	<u>8</u>

Table of Contents

GLOSSARY OF TERMS AND ABBREVIATIONS

Unless the context indicates otherwise, throughout this prospectus supplement, the terms "Dynergy," "the Company," "we," "us," "our," and "ours" refer to Dynergy Inc. and its direct and indirect subsidiaries. As used in this prospectus supplement, the terms contained herein have the meanings set forth below.

Acquisitions refers to the Duke Midwest Acquisition and the ERC and Brayton Acquisitions.

Acquisition Termination Event means either (1) one or both of the Duke Midwest Purchase Agreement or ERC Purchase Agreements are terminated or (2) we determine in our reasonable judgment that one of the Acquisitions will not occur.

AER Acquisition refers to the transaction completed on December 2, 2013, pursuant to the agreement between Ameren and Illinois Power Holdings, LLC, an indirect wholly-owned subsidiary of Dynergy ("IPH"), pursuant to which we acquired AER and its subsidiaries, Ameren Energy Generating Company ("Genco"), Ameren Energy Fuels and Services Company, New AERG, LLC (successor to Ameren Energy Resources Generating Company) ("AERG") and Ameren Energy Marketing Company ("AEM") from Ameren (such entities, collectively, the "AER Entities").

Brayton refers to Brayton Point Holdings, LLC.

Brayton Point Energy refers to Brayton Point Energy, LLC, a subsidiary of Brayton.

Combined Company refers to Dynergy and its subsidiaries after completion of the Transactions, including the Acquisitions.

Debt Financing refers to the proposed incurrence of debt to finance a portion of the purchase price for the Acquisitions.

Duke refers to Duke Energy Corporation.

Duke Energy Commercial refers to Duke Energy Commercial Asset Management, LLC.

Duke Energy Retail Sales refers to Duke Energy Retail Sales, LLC, Duke's retail energy business.

Duke Midwest Acquisition refers to the proposed acquisition of membership interests in certain Midwest assets from certain subsidiaries of Duke announced by us through our Current Report on Form 8-K filed on August 26, 2014. See "Summary The Duke Midwest Acquisition."

Duke Midwest Assets refers to Duke Energy Commercial's interests in 11 generation facilities and Duke Energy Retail Sales, which we will acquire in the Duke Midwest Acquisition.

Duke Midwest Purchase Agreement refers to the Purchase and Sale Agreement, dated as of August 21, 2014, pursuant to which we will acquire the Duke Midwest Assets.

Duke Ohio refers to Duke Energy Ohio, Inc.

ECP refers to Energy Capital Partners, a private equity firm.

ECP Assets refers to 10 generation facilities which we will acquire in the ERC and Brayton Acquisitions.

ERC refers to EquiPower Resources Corp.

ERC and Brayton Acquisitions refers to the proposed acquisition of equity interests in ERC and Brayton announced by us through our Current Report on Form 8-K filed on August 26, 2014. See "Summary The ERC and Brayton Acquisitions."

ERC Purchase Agreements refers to two agreements, each dated as of August 21, 2014, pursuant to which we will acquire the ECP Assets. See "Summary The Transactions."

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Table of Contents

Financing Transactions refers to this offering, the Mandatory Convertible Preferred Stock Offering and the Debt Financing, in each case only to the extent they are completed.

Homefield Energy refers to IPM's retail business which was acquired in the AER Acquisition.

Mandatory Convertible Preferred Stock Offering refers to the concurrent preferred stock offering to finance the Acquisitions.

Target Companies refers to Duke Energy Commercial, Duke Energy Retail Sales, ERC, and Brayton.

Transactions refers to the Acquisitions and the Financing Transactions.

Further, as used in this prospectus supplement, the abbreviations contained herein have the meanings set forth below.

AER	New Ameren Energy Resources, LLC
ATSI	American Transmission Systems, Inc.
CAISO	The California Independent System Operator
CFTC	U.S. Commodity Futures Trading Commission
ComEd	Commonwealth Edison
CPUC	California Public Utility Commission
DH	Dynergy Holdings, LLC (formerly known as Dynergy Holdings Inc.)
DMG	Dynergy Midwest Generation, LLC
DMT	Dynergy Marketing and Trade, LLC
DYPM	Dynergy Power Marketing Inc.
EEl	Electric Energy, Inc.
EPA	Environmental Protection Agency
FCA	Forward Capacity Auction
FERC	Federal Energy Regulatory Commission
GHG	Greenhouse Gas
HSR	Hart-Scott Rodino Act of 1976
IPM	Illinois Power Marketing Company (formerly known as Ameren Energy Marketing Company)
ISO	Independent System Operator
ISO-NE	Independent System Operator New England
KW	Kilowatt
KWh	Kilowatt Hour
LGE	Louisville Gas and Electric Company
LMP	Locational Marginal Pricing
MISO	Midcontinent Independent System Operator, Inc.
MMBTu	One Million British Thermal Units
MRTU	Market Redesign and Technology Update
MW	Megawatts
MWh	Megawatt Hour
NERC	North American Electric Reliability Corporation
NYISO	New York Independent System Operator
NYSE	New York Stock Exchange
OTC	Over-the-counter
PJM	PJM Interconnection, LLC
PRB	Powder River Basin
PRIDE	Producing Results through Innovation by Dynergy Employees
RMR	Reliability Must Run
RPM	Reliability Pricing Model
RTO	Regional Transmission Organization
SEC	U.S. Securities and Exchange Commission
SO2	Sulfur Dioxide
TVA	Tennessee Valley Authority
TWh	Terawatt Hour

Table of Contents

ABOUT THIS PROSPECTUS SUPPLEMENT

This prospectus supplement and the accompanying prospectus are part of a registration statement that we filed with the SEC using a shelf registration process.

This document is in two parts. The first part is this prospectus supplement, which describes the specific terms of this offering and certain other matters relating to Dynegy, the Target Companies and the Combined Company, and also adds to and updates information contained in the accompanying prospectus and the documents incorporated by reference into this prospectus supplement and the accompanying prospectus. The second part, the accompanying prospectus, gives more general information, some of which does not apply to this offering.

Both this prospectus supplement and the accompanying prospectus include or incorporate by reference important information about us, our common stock and other information you should know before investing. You should read both this prospectus supplement and the accompanying prospectus, as well as additional information incorporated herein and therein, as set forth under "Incorporation by Reference," before investing in our common stock.

Neither we nor the underwriters have authorized anyone to provide you with any information other than that contained or incorporated by reference in this prospectus supplement and the accompanying prospectus. We and the underwriters take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. Neither we nor the underwriters are making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information contained in this prospectus supplement and the accompanying prospectus and the documents incorporated by reference is accurate only as of their respective dates. Our and the Target Companies' business, financial condition, results of operations and prospects may have changed since those dates.

Unless we specifically state otherwise, the information in this prospectus supplement and the accompanying prospectus, including the documents incorporated by reference herein and therein, assumes the underwriters for this offering of common stock do not exercise their option to purchase additional shares of common stock. In addition, unless we specifically state otherwise, the information in this prospectus supplement and the accompanying prospectus, including the documents incorporated by reference herein and therein, does not give effect to the Acquisitions, the Mandatory Convertible Preferred Stock Offering or the Debt Financing.

INDUSTRY AND MARKET DATA

We have obtained some industry and market share data from third-party sources that we believe are reliable. In many cases, however, we have made statements in this prospectus supplement and in the documents incorporated by reference into this prospectus supplement regarding our industry and our position in the industry based on estimates made from our experience in the industry and our own investigation of market conditions. We believe these estimates to be accurate as of the date of this prospectus supplement or the date of the document incorporated by reference, as applicable. However, this information may prove to be inaccurate because of the method by which we obtained some of the data for our estimates or because this information cannot always be verified with complete certainty due to the limits on the availability and reliability of raw data, the voluntary nature of the data gathering process and other limitations and uncertainties. As a result, you should be aware that the industry and market data included in this prospectus supplement and in the documents incorporated by reference into this prospectus supplement, and estimates and beliefs based on that data, may not be reliable. We cannot, and the underwriters cannot, guarantee the accuracy or completeness of any such information.

Table of Contents

SUMMARY

This summary does not contain all the information that you should consider before investing in our common stock. You should read this entire prospectus supplement and the accompanying prospectus, including the documents incorporated by reference herein and therein, before making an investment decision.

Our Company

Our primary business is the production and sale of electric energy, capacity and ancillary services. We operate a portfolio of generation assets that is diversified in terms of dispatch profile, fuel type and geography. Our Coal and IPH segments are fleets of baseload coal facilities located in Illinois that dispatch around the clock throughout the year. Our Gas segment operates both intermediate and peaking natural gas facilities, located in the Midwest, the Northeast and California. In addition to generating power, our generating facilities also receive capacity revenues through structured markets or bilateral tolling agreements, as local utilities and ISOs seek to ensure sufficient generation capacity is available to meet future market demands.

We sell electric energy, capacity and ancillary services on a wholesale basis from our power generation facilities. In connection with the acquisition of AER and its subsidiaries on December 2, 2013, we began serving residential, municipal, commercial and industrial consumers through our Homefield Energy retail business in Illinois. 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. Retail electricity customers purchase energy and these related services in the deregulated retail energy market. We sell these products individually or in combination to our customers for various lengths of time ranging from hourly to multi-year transactions.

We do business with a wide range of customers, including: regional transmission organizations and ISOs, integrated utilities, municipalities, electric cooperatives, transmission and distribution utilities, power marketers, financial participants such as banks and hedge funds, and residential, commercial and industrial end-users. 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 Developments

The Acquisitions

In August 2014, we entered into an agreement with Duke to purchase certain of its facilities located in the Midwest and its retail energy business and we entered into an agreement with ECP to purchase ERC and Brayton. The Acquisitions will increase our generation capacity by approximately 12,500 MW to nearly 26,000 MW. We anticipate that the Duke Midwest Acquisition and ERC and Brayton Acquisitions will each close by the end of the first quarter of 2015. However, we cannot assure you that the Acquisitions will be consummated or, if consummated, that they will be consummated at the price, within the time period or on the terms and with the anticipated benefits contemplated by this prospectus supplement. The closing of one Acquisition is not contingent upon the closing of the other Acquisition and this offering is not contingent on either or both of the Acquisitions occurring on a timely basis or at all. See "Risk Factors Risks Relating to Our Proposed Acquisitions" and "The Transactions," each included in this prospectus supplement.

Table of Contents*The Duke Midwest Acquisition*

We will acquire the Duke Midwest Assets for a purchase price of \$2.8 billion in cash, subject to certain adjustments. The Duke Midwest Acquisition is subject to receipt of FERC approval, HSR approval and other customary closing conditions. The Duke Midwest Assets are comprised of (1) 100% ownership interests in five natural gas-fired power facilities located in Ohio, Pennsylvania and Illinois, (2) 100% ownership interest in an oil-fired power facility located in Ohio, (3) partial interests in five coal-fired power facilities located in Ohio and (4) Duke's retail energy business. The facilities operate in the PJM wholesale market, have a diversified fuel mix with baseload coal-fired units, as well as combined cycle and peaking natural gas-fired units, and have an aggregate net generating capacity of approximately 6,200 MW. We will operate two of the five coal-fired plants for which we will obtain partial ownership interests, the Miami Fort and Zimmer facilities.

Duke Energy Retail Sales serves retail electric and gas customers in Ohio with energy and energy services at competitive rates. Duke Energy Retail Sales serves approximately 25% of switched load within Duke Ohio's service territory, which is the largest share of opt-in mass market customers in that territory, and provides approximately 7 TWh of customer load primarily in Ohio.

The following table sets forth certain information with respect to the generating facilities:

Facility	Net Generating Capacity (MW) ⁽¹⁾	Primary Fuel Type	Dispatch Type	Location	Region	Interest to be Acquired
Dicks Creek	153	Gas	Peaking	Middleton, OH	PJM	100.0%
Fayette	649	Gas	Intermediate	Masontown, PA	PJM	100.0%
Hanging Rock	1,296	Gas	Intermediate	Ironton, OH	PJM	100.0%
Lee	712	Gas	Intermediate	Dixon, IL	PJM	100.0%
Washington	648	Gas	Intermediate	Beverly, OH	PJM	100.0%
Killen	204	Coal	Baseload	Wrightsville, OH	PJM	33.0%
Stuart	904	Coal	Baseload	Aberdeen, OH	PJM	39.0%
Conesville	312	Coal	Baseload	Conesville, OH	PJM	40.0%
Zimmer	628	Coal	Baseload	Moscow, OH	PJM	46.5%
Miami Fort (Units 7 and 8)	653	Coal	Baseload	North Bend, OH	PJM	64.0%
Miami Fort (CT)	80	Oil	Peaking	North Bend, OH	PJM	100.0%
Total	6,239					

(1) Unit capabilities are based on winter capacity.

The ERC and Brayton Acquisitions

We will acquire ERC and Brayton for approximately \$3.25 billion in cash and \$200 million of our common stock, subject to certain conditions and adjustments. The ERC and Brayton Acquisitions are subject to receipt of FERC approval, HSR approval and other customary closing conditions. ERC owns (1) 100% interests in five combined cycle gas turbine facilities in Connecticut, Massachusetts and Pennsylvania, (2) 100% interests in two gas and oil fired peaking facilities in Ohio, (3) 100% interests in one coal-fired facility in Illinois and (4) a 49.5% interest in one natural gas-fired peaking facility in Illinois. Brayton owns a 100% interest in the Brayton Point coal facility in Somerset, MA, which is scheduled to be retired in June 2017. The ECP Assets consist primarily of highly efficient and clean-burning natural gas-fired facilities and have an aggregate net generating capacity of approximately 6,300 MW.

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Table of Contents

The following table sets forth certain information with respect to the generating facilities:

Facility	Net Generating Capacity (MW)⁽¹⁾	Primary Fuel Type	Dispatch Type	Location	Region	Interest to be Acquired
Brayton Point ⁽²⁾	1,493	Coal	Baseload	Somerset, MA	ISO-NE	100.0%
Kincaid ⁽³⁾	1,108	Coal	Baseload	Kincaid, IL	PJM	100.0%
Milford	579	Gas	Intermediate	Milford, CT	ISO-NE	100.0%
Lake Road	856	Gas	Intermediate	Killingly, CT	ISO-NE	100.0%
Dighton	187	Gas	Intermediate	Dighton, MA	ISO-NE	100.0%
MASSPOWER	280	Gas	Intermediate	Indian Orchard, MA	ISO-NE	100.0%
Liberty	600	Gas	Intermediate	Eddystone, PA	PJM	100.0%
Richland	447	Gas	Peaking	Defiance, OH	PJM	100.0%
Stryker	19	Oil	Peaking	Stryker, OH	PJM	100.0%
Elwood ⁽⁴⁾	780	Gas	Peaking	Elwood, IL	PJM	49.5%