

DYNEGY INC /IL/
Form 4
March 17, 2006

FORM 4

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

OMB APPROVAL

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STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

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

(Print or Type Responses)

1. Name and Address of Reporting Person *
WILLIAMSON BRUCE A

(Last) (First) (Middle)

1000 LOUISIANA STREET, SUITE 5800

(Street)

HOUSTON, TX 77002

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol
DYNEGY INC /IL/ [DYN]

3. Date of Earliest Transaction (Month/Day/Year)
03/16/2006

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

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

Director 10% Owner
 Officer (give title below) Other (specify below)
Chariman & CEO

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

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

| 1. Title of Security (Instr. 3) | 2. Transaction Date (Month/Day/Year) | 2A. Deemed Execution Date, if any (Month/Day/Year) | 3. Transaction Code (Instr. 8) | 4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5) | 5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4) | 6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 7. Nature of Ownership Indirect Beneficial Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|---|
| | | | | Code V Amount (A) or (D) Price | | | |
| Class A Common Stock | 03/16/2006 ⁽¹⁾ | | A ⁽²⁾ | 163,935 A \$ 0 | 1,109,529 ⁽³⁾ | D | |
| Class A Common Stock | | | | | 8,612 | I | By 401(k) Plan ⁽⁴⁾ |

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

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SEC 1474 (9-02)

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

| 1. Title of Derivative Security (Instr. 3) | 2. Conversion or Exercise Price of Derivative Security | 3. Transaction Date (Month/Day/Year) | 3A. Deemed Execution Date, if any (Month/Day/Year) | 4. Transaction Code (Instr. 8) | 5. Number of Derivative Securities Acquired (A) or Disposed of (D) | | 6. Date Exercisable and Expiration Date (Month/Day/Year) | | 7. Title and Underlying Security (Instr. 3 and 4) |
|--|--|--------------------------------------|--|--------------------------------|--|-----------|--|-----------------|---|
| | | | | | (A) | (D) | Date Exercisable | Expiration Date | |
| Employee Stock Option (right to buy) | \$ 4.3 | 03/16/2006 | | D | | 639,344 | <u>(5)</u> | 01/19/2015 | Class A Common Stock |
| Employee Stock Option (right to buy) | \$ 4.48 | 03/16/2006 | | D | | 405,928 | <u>(7)</u> | 02/10/2014 | Class A Common Stock |
| Employee Stock Option (right to buy) | \$ 0.88 | 03/16/2006 | | D | | 333,333 | <u>(8)</u> | 10/23/2012 | Class A Common Stock |
| Employee Stock Option (right to buy) | \$ 0.88 | 03/16/2006 | | D | | 1,000,000 | <u>(8)</u> | 10/23/2012 | Class A Common Stock |
| Employee Stock Option (right to buy) | \$ 4.88 | 03/16/2006 ⁽¹⁾ | | A | 967,707 | | <u>(9)</u> | 03/16/2016 | Class A Common Stock |
| Employee Stock Option (right to buy) | \$ 4.88 | 03/16/2006 ⁽¹⁾ | | A | 919,541 | | <u>(9)</u> | 03/16/2016 | Class A Common Stock |

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|--------------------------------|---------------|-----------|----------------|-------|
| | Director | 10% Owner | Officer | Other |
| | X | | Chairman & CEO | |

WILLIAMSON BRUCE A
1000 LOUISIANA STREET
SUITE 5800
HOUSTON, TX 77002

Signatures

By: /s/ Carolyn M. Campbell,
Attorney-in-Fact

03/17/2006

__Signature of Reporting Person

Date

Explanation of Responses:

- * If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).
- ** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) The grants of the options and restricted stock were approved by a committee of the Issuer's board of directors on March 16, 2006.
- (2) Restricted stock grant pursuant to Rule 16b-3(d). The stock vests in full on March 16, 2009.
- (3) Includes 435,268 and 196,326 shares of restricted stock which vest in full on February 10, 2007 and January 19, 2008.
- (4) Rounded. Reflects shares held for the Reporting Person's account by the Trustee of the Dynegy Inc. 401(k) Savings Plan as of March 16, 2006.
- (5) The option became exercisable as to 213,115 shares on January 19, 2006. Options to purchase the remaining shares would have become exercisable in equal annual installments on January 19, 2007 and January 19, 2008.
The options were cancelled by mutual agreement of the reporting person and Dynegy Inc. The reporting person received 967,707 new stock options as set forth herein and will receive \$5,565,187 as a deferred cash payment on January 15, 2007, plus interest at 7.5% per annum.
- (6) As of February 10, 2006, options to purchase 270,619 shares were exercisable. Options to purchase the 135,309 remaining shares would have been exercisable on February 10, 2007.
- (7) The option became exercisable in equal annual installments on October 23, 2004 and October 23, 2005.
- (8) The option became exercisable in three equal annual installments beginning March 16, 2007.
- (9) Option becomes exercisable in three equal annual installments beginning March 16, 2007.

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