

DYNEGY INC /IL/  
Form 10-Q/A  
May 01, 2006  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

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**FORM 10-Q/A**  
**Amendment No. 1**

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x **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2005

.. **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number: 1-15659

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**DYNEGY INC.**

(Exact name of registrant as specified in its charter)

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**Illinois**  
(State or other jurisdiction of  
incorporation or organization)

**74-2928353**  
(I.R.S. Employer  
Identification No.)

**1000 Louisiana, Suite 5800**

**Houston, Texas 77002**

(Address of principal executive offices)

(Zip Code)

**(713) 507-6400**

(Registrant's telephone number, including area code)

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Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes  No

Number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: Class A common stock, no par value per share, 285,039,770 shares outstanding as of August 4, 2005; Class B common stock, no par value per share, 96,891,014 shares outstanding as of August 4, 2005.

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**DYNEGY INC.**

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**DYNEGY INC. FORM 10-Q/A**

**INTRODUCTORY NOTE**

Dynegy Inc. is filing this Amendment No. 1 on Form 10-Q/A ( Amendment No. 1 ) to reflect the effect of a \$13 million decrease to our income from discontinued operations for the six months ended June 30, 2005 and a \$13 million increase to our net deferred tax liability at June 30, 2005 on our historical consolidated financial statements and related information, as reported in our Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2005, which was originally filed on August 9, 2005 (the Original Filing ).

The aforementioned item includes items previously announced by us in our Current Report on Form 8-K dated May 1, 2006 and is discussed in more detail in the Explanatory Note to the accompanying unaudited condensed consolidated financial statements. This Amendment No. 1 also reflects restatements made to our unaudited condensed consolidated balance sheet as of June 30, 2005 and December 31, 2004, as further discussed in the Explanatory Note beginning on page F-10 of our Form 10-K for the year ended December 31, 2005. The following items of the Original Filing are amended by this Amendment No. 1:

- Item 1. Condensed Consolidated Financial Statements**
- Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations**

- Item 4. Controls and Procedures**
- Item 6. Exhibits**

Unaffected items have not been repeated in this Amendment No. 1.

**PLEASE NOTE THAT THE INFORMATION CONTAINED IN THIS AMENDMENT NO. 1, INCLUDING THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND THE NOTES THERETO, DOES NOT REFLECT EVENTS OCCURRING AFTER THE DATE OF THE ORIGINAL FILING, WITH THE EXCEPTION OF THE ITEM DISCUSSED ABOVE. SUCH EVENTS INCLUDE, AMONG OTHERS, THE EVENTS DESCRIBED IN OUR QUARTERLY REPORT ON FORM 10-Q FOR THE PERIOD ENDED SEPTEMBER 30, 2005, OUR ANNUAL REPORT ON FORM 10-K FOR THE PERIOD ENDED DECEMBER 31, 2005 AND OUR CURRENT REPORTS ON FORM 8-K AND ANY AMENDMENTS THERETO. FOR A DESCRIPTION OF THESE EVENTS, PLEASE READ OUR EXCHANGE ACT REPORTS FILED SINCE AUGUST 9, 2005.**

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**DEFINITIONS**

As used in this Form 10-Q/A, the abbreviations contained herein have the meanings set forth below. Additionally, the terms Dynegy, we, us and our refer to Dynegy Inc. and its subsidiaries, unless the context clearly indicates otherwise.

ARB	Accounting Research Bulletin
ARO	Asset retirement obligation
Bcf/d	Billion cubic feet per day
Cal ISO	The California Independent System Operator
Cal PX	The California Power Exchange
CDWR	California Department of Water Resources
CFTC	Commodity Futures Trading Commission
CPUC	California Public Utilities Commission
CRM	Our customer risk management business segment
CUSA	Chevron U.S.A. Inc., a wholly owned subsidiary of Chevron Corporation
DGC	Dynegy Global Communications
DHI	Dynegy Holdings Inc., our primary financing subsidiary
DMG	Dynegy Midwest Generation, Inc.
DMS	Dynegy Midstream Services
DMSLP	Dynegy Midstream Services, Limited Partnership
DNE	Dynegy Northeast Generation
DPM	Dynegy Power Marketing Inc.
EITF	Emerging Issues Task Force
EPA	Environmental Protection Agency
ERCOT	Electric Reliability Council of Texas, Inc.
ERISA	The Employee Retirement Income Security Act of 1974, as amended
FASB	Financial Accounting Standards Board
FERC	Federal Energy Regulatory Commission
FIN	FASB Interpretation
GAAP	Generally Accepted Accounting Principles of the United States of America
GCF	Gulf Coast Fractionators
GEN	Our power generation business segment
ICC	Illinois Commerce Commission
ISO	Independent System Operator
KW yr	Kilowatt year
KWh	Kilowatt hour
LNG	Liquefied natural gas
LPG	Liquefied petroleum gas
MBbls/d	Thousands of barrels per day
Mcf	Thousand cubic feet
MISO	Midwest Independent Transmission System Operator, Inc.
MMBtu	Millions of British thermal units
MMCFD	Million cubic feet per day
MW	Megawatts
MWh	Megawatt hour
NGL	Our natural gas liquids business segment
NNG	Northern Natural Gas Company
NOL	Net operating loss
NOV	Notice of Violation issued by the EPA
NYISO	New York Independent System Operator
NYSDEC	New York State Department of Environmental Conservation

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Original Filing	Our Quarterly Report on Form 10-Q for the quarter ended June 30, 2005, filed on August 9, 2005
POL	Percentage of liquids
POP	Percentage of proceeds
PRB	Powder River Basin coal
REG	Our regulated energy delivery business segment
RMR	Reliability Must Run
RTO	Regional Transmission Organization
SEC	U.S. Securities and Exchange Commission
SFAS	Statement of Financial Accounting Standards
SPDES	State Pollutant Discharge Elimination System
SPE	Special Purpose Entity
SPN	Second Priority Notes
VaR	Value at Risk
VEBA	Voluntary Employees Benefit Association
VIE	Variable Interest Entity

**Table of Contents****DYNEGY INC.****CONDENSED CONSOLIDATED BALANCE SHEETS**

See Explanatory Note

(unaudited) (in millions, except share data)

	<b>June 30, 2005</b>	<b>December 31, 2004</b>
		<b>(Restated)</b>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 342	\$ 628
Restricted cash	38	
Accounts receivable, net of allowance for doubtful accounts of \$158 and \$159, respectively	595	810
Accounts receivable, affiliates	11	14
Inventory	197	233
Assets from risk-management activities	640	565
Deferred income taxes	484	62
Prepayments and other current assets	298	428
Assets held for sale (Note 3)	369	
<b>Total Current Assets</b>	<b>2,974</b>	<b>2,740</b>
<b>Property, Plant and Equipment</b>	<b>6,459</b>	<b>7,822</b>
Accumulated depreciation	(1,082)	(1,692)
<b>Property, Plant and Equipment, Net</b>	<b>5,377</b>	<b>6,130</b>
<b>Other Assets</b>		
Unconsolidated investments	290	421
Restricted investments	84	
Intangible assets	416	
Assets from risk-management activities	272	313
Goodwill		15
Deferred income taxes	16	15
Other long-term assets	172	209
Assets held for sale (Note 3)	1,159	
<b>Total Assets</b>	<b>\$ 10,760</b>	<b>\$ 9,843</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 503	\$ 561
Accounts payable, affiliates	17	23
Accrued interest	146	118
Accrued liabilities and other current liabilities	384	450
Liabilities from risk-management activities	684	616
Notes payable and current portion of long-term debt	55	34
Liabilities held for sale (Note 3)	139	
<b>Total Current Liabilities</b>	<b>1,928</b>	<b>1,802</b>
Long-term debt	4,864	4,132

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Long-term debt to affiliates	200	200
	<u>          </u>	<u>          </u>
<b>Long-Term Debt</b>	5,064	4,332
<b>Other Liabilities</b>		
Liabilities from risk-management activities	313	395
Deferred income taxes	800	499
Other long-term liabilities	416	353
Liabilities held for sale (Note 3)	25	
	<u>          </u>	<u>          </u>
<b>Total Liabilities</b>	8,546	7,381
	<u>          </u>	<u>          </u>
<b>Minority Interest</b>	107	106
<b>Commitments and Contingencies (Note 10)</b>		
<b>Redeemable Preferred Securities, redemption value of \$400 at June 30, 2005 and December 31, 2004, respectively</b>	400	400
<b>Stockholders Equity</b>		
Class A Common Stock, no par value, 900,000,000 shares authorized at June 30, 2005 and December 31, 2004; 286,670,174 and 285,012,203 shares issued and outstanding at June 30, 2005 and December 31, 2004, respectively	2,864	2,859
Class B Common Stock, no par value, 360,000,000 shares authorized at June 30, 2005 and December 31, 2004; 96,891,014 shares issued and outstanding at June 30, 2005 and December 31, 2004	1,006	1,006
Additional paid-in capital	45	41
Subscriptions receivable	(8)	(8)
Accumulated other comprehensive loss, net of tax	(23)	(13)
Accumulated deficit	(2,109)	(1,861)
Treasury stock, at cost, 1,686,715 shares at June 30, 2005 and 1,679,183 shares at December 31, 2004	(68)	(68)
	<u>          </u>	<u>          </u>
<b>Total Stockholders Equity</b>	1,707	1,956
	<u>          </u>	<u>          </u>
<b>Total Liabilities and Stockholders Equity</b>	\$ 10,760	\$ 9,843
	<u>          </u>	<u>          </u>

See the notes to condensed consolidated financial statements.



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## DYNEGY INC.

## CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

See Explanatory Note

(unaudited) (in millions, except per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2005 <u>(Restated)</u>	2004	2005 <u>(Restated)</u>	2004
Revenues	\$ 459	\$ 689	\$ 921	\$ 1,456
Cost of sales, exclusive of depreciation shown separately below	(380)	(423)	(910)	(989)
Depreciation and amortization expense	(54)	(57)	(109)	(125)
Impairment and other charges	(7)	(59)	(6)	(75)
Loss on sale of assets, net				(15)
General and administrative expenses	(82)	(94)	(345)	(156)
Operating income (loss)	(64)	56	(449)	96
Earnings from unconsolidated investments	4	50	7	88
Interest expense	(96)	(141)	(185)	(271)
Other income and expense, net	6	(6)	9	7
Minority interest expense		(3)		(1)
Loss from continuing operations before income taxes	(150)	(44)	(618)	(81)
Income tax benefit (Note 13)	41	29	215	82
Income (loss) from continuing operations (Note 9)	(109)	(15)	(403)	1
Income from discontinued operations, net of tax benefit (expense) of \$98, \$(48), \$80 and \$(78), respectively (Notes 3 and 13)	134	23	166	77
Net income (loss)	25	8	(237)	78
Less: preferred stock dividends	6	6	11	11
Net income (loss) applicable to common stockholders	\$ 19	\$ 2	\$ (248)	\$ 67
<b>Earnings (Loss) Per Share (Note 9):</b>				
Basic earnings (loss) per share:		&nbsp;		