DYNEGY INC /IL/
Form 11-K
June 29, 2005

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 11-K

ANNUAL REPORT PURSUANT TO SECTION 15(d) OF

THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2004

Commission file number: 1-15659

Dynegy Inc. 401(k) Savings Plan

(Full title of the plan)

Dynegy Inc.

1000 Louisiana

Suite 5800

Houston, Texas 77002

(Name of issuer of the securities held pursuant to the plan and the address of its principal executive office)

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DYNEGY INC. 401(k) SAVINGS PLAN

Financial Statements for the

Years Ended December 31, 2004 and 2003

and Report of Independent Registered Public Accounting Firm

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Dynegy Inc. Benefit Plans Committee for

the Dynegy Inc. 401(k) Savings Plan

We have audited the accompanying statements of net assets available for benefits of the Dynegy Inc. 401(k) Savings Plan (the Plan) as of December 31, 2004 and 2003, and the related statement of changes in net assets available for benefits for the year ended December 31, 2004. These financial statements are the responsibility of the Plan s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan at December 31, 2004 and 2003, and the changes in its net assets available for benefits for the year ended December 31, 2004, in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplemental schedules, listed in the Table of Contents, are presented for the purpose of additional analysis and are not a required part of the basic financial statements but are supplemental information required by the Department of Labor s Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. These supplemental schedules are the responsibility of the Plan s management. Such schedules have been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, are fairly stated in all material respects in relation to the financial statements taken as a whole.

McConnell & Jones LLP

Houston, Texas

May 31, 2005

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DYNEGY INC. 401(k) SAVINGS PLAN

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

DECEMBER 31, 2004 AND 2003

	2004	2003
ASSETS:		
Investments:		
Cash and temporary cash investments	$ 240	$ 26
Investments at fair value:		
Plan interest in Dynegy Inc. Master Trust	50,555,929	48,537,046
Registered investment companies	77,338,188	67,502,256
Common collective trust	26,308,575	27,029,418
Common stocks	108,877	73,500
Participant loans	5,281,896	5,774,957
Total investments	159,593,705	148,917,203
Receivables:		
Employee contributions receivable		222,963
Employer contributions receivable	82,380	214,625
Class action settlement proceeds receivable	22,977,084	
Total receivables	23,059,464	437,588
TOTAL ASSETS	182,653,169	149,354,791
LIABILITIES:		
Due to broker for securities purchased		898
TOTAL LIABILITIES		898
NET ASSETS AVAILABLE FOR BENEFITS	$ 182,653,169	$ 149,353,893

The accompanying notes are an integral part of these financial statements.

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DYNEGY INC. 401(k) SAVINGS PLAN

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

FOR THE YEAR ENDED DECEMBER 31, 2004

ADDITIONS:	
Additions to net assets attributed to:	
Contributions:	
Employee	$ 8,027,735
Employer	3,915,815
Total contributions	11,943,550
Investment income:	
Net appreciation in fair value of investments	12,212,587
Dividend and interest income	2,353,850
Interest on participant loans	294,849
Other income	551
Total investment income	14,861,837
Investment loss recovery from class action settlement	22,977,084
TOTAL ADDITIONS	49,782,471
DEDUCTIONS:	
Deductions from net assets attributed to:	
Benefit payments	16,437,325
Administrative expenses	45,870
TOTAL DEDUCTIONS	16,483,195
NET INCREASE	33,299,276
NET ASSETS AVAILABLE FOR BENEFITS:	
Beginning of year	149,353,893
End of year	$ 182,653,169

The accompanying notes are an integral part of these financial statements.

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DYNEGY INC. 401(k) SAVINGS PLAN

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2004 AND 2003

1. DESCRIPTION OF PLAN

The following description of the Dynegy Inc. 401(k) Savings Plan (the Plan) provides only general information. Participants should refer to the Plan documents for a more complete description of the Plan s provisions.

General

Effective May 1, 1989, Natural Gas Clearinghouse, the predecessor company to Dynegy Inc. (collectively, the Company), established this Plan which qualifies under Section 401(k) of the Internal Revenue Code of 1986, as amended (the Code). The Plan is a trusteed, defined contribution plan subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended (ERISA). The Plan and related trust are established and maintained for the exclusive benefit of participating employees of the Company and certain of its affiliates (the Company and its affiliates that participate in the Plan are each referred to herein as the Employer). The Dynegy Inc. Benefit Plans Committee serves as the Plan Administrator for the Plan.

As of December 31, 2004, the following entities were participating in the Plan: Calcasieu Power, LLC, Dynegy Operating Company, Dynegy Midstream Services, Limited Partnership, Dynegy Energy Services, Inc. and Dynegy Marketing and Trade.

Participant Accounts

Each participant s accounts are credited with the participant s contributions and allocations of the Employer s contributions and Plan earnings. For participants with loans, a loan administrative fee is charged to their respective accounts each year. Participants are entitled to their vested account balance.

Forfeitures

At December 31, 2004 and 2003, forfeited nonvested accounts totaled $287,403 and $188,697, respectively. Forfeitures are applied to reduce Employer matching contributions and/or to pay Plan administrative expenses. In 2004, Employer matching contributions were reduced by $151,046 and administrative expenses were reduced by $34,020 from nonvested accounts.

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Investment of Funds

Each participant has the right upon enrollment to select the fund(s) into which the participant s before-tax, after-tax and rollover contributions (and the earnings allocable thereto) will be invested. A participant may change the allocation of such participant contributions made to the selected funds or transfer amounts among investment funds during the Plan year in accordance with the procedures established by the Plan Administrator. Employer matching and discretionary contributions, if any, are made to the Dynegy Stock Fund (the Stock Fund) and are allocated to participants as units in the Stock Fund. A participant may transfer such Employer contributions (and the earnings allocable thereto) among investment funds anytime after they are initially credited to his or her account in the Stock Fund, subject to the restrictions contained in the Company s insider trading policy.

Eligibility and Contributions

All employees of the Employer are eligible to participate in the Plan other than (a) employees covered by a collective bargaining agreement (unless such agreement provides for coverage under the Plan), (b) nonresident aliens, (c) leased employees, (d) employees who have waived participation in the Plan and (e) individuals who are deemed to be employees under certain Treasury regulations. Participation in the Plan commences immediately upon employment as an eligible employee after such employee follows the Plan s enrollment procedure. A participant s election to make before-tax and/or after-tax contributions to the Plan is voluntary. Notwithstanding the foregoing, participation in the Plan is voluntary for an eligible employee who is also entitled to accrue a benefit or service credit under the Dynegy Midstream Services Retirement Plan (formerly the Trident NGL, Inc. Retirement Plan) (the Dynegy Midstream Plan), and such an employee will not be eligible to receive an allocation of Employer discretionary contributions under the Plan.

Participants may make before-tax contributions by payroll deduction up to the legal dollar limit. Participants may also make after-tax contributions in cash or by payroll deduction. Total contributions are limited to the extent required by law. A participant may roll-over into the Plan amounts previously invested in another eligible retirement plan.

The Employer contributes a match each pay period to the Plan equal to 100% of the participant s before-tax contributions that are not in excess of 5% of the participant s Compensation (as defined by the Plan) for such pay period. In addition, each calendar year, the Employer makes a true-up matching contribution, if necessary, on behalf of each participant who was an eligible employee on the last day of the year that takes into account the participant s before-tax contributions and Compensation for the year. The true up matching contribution equals the difference, if any, between (a) 100% of the before tax contributions made during the year by the eligible participant that were not in excess of 5% of his or her Compensation for the year and (b) the average amount of matching contributions made on behalf of such eligible participant during the year. Employer matching contributions are made to the Stock Fund in the Master Trust (as defined below) and allocated to participants as units in the Stock Fund. Dividends on stock held in the Stock Fund are also invested in the Stock Fund. See Notes 4 and 6 for more information.

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In addition, the Employer may make a discretionary contribution for a calendar year that is allocated based on Compensation to (a) participants who are eligible employees on the last day of the year and who are not accruing benefits or service credit under the Dynegy Midstream Plan and (b) participants who terminated employment during the year on or after attaining age 65 or by reason of death or disability and who, immediately prior to such termination, were not accruing benefits or service credit under the Dynegy Midstream Plan. The discretionary contribution is made to the Stock Fund and allocated to participants as units in the Stock Fund. No contributions were made under this arrangement during plan years 2004 or 2003.

Vesting

Generally, participants vest in Employer matching and discretionary contributions as follows:

Years of Service	Vesting Percentage
1	25%
2	50%
3	75%
4	100%

Participants also become 100% vested in such contributions upon (a) attaining normal retirement age (age 65) while employed by the Employer or (b) termination of employment with the Employer by reason of disability or death.

Effective January 1, 2002, the Plan was amended to provide for 100% vesting in the account balances of the following participants: (a) each participant employed by Northern Natural Gas Company on the date of the sale of that entity to MidAmerican Energy Holdings Company (August 2002); (b) each participant whose employment was involuntarily terminated by the Employer for a reason other than cause during the Plan year beginning on January 1, 2002; and (c) each participant whose employment was involuntarily terminated by the Employer for a reason other than cause during the Plan year beginning on January 1, 2003, if such participant was notified of such termination and his or her transition status in connection with the Employer s reduction in force that occurred on October 21, 2002.

Employee before-tax, after-tax and rollover contributions are 100% vested and non-forfeitable at all times.

Distributions

Prior to May 1, 2002, participants could elect to receive their distributions in a lump sum, in periodic installment payments or in various annuity forms. From and after May 1, 2002, only lump sum distributions are available under the Plan. All distributions are made in cash, except that a participant may elect to have the portion of his or her account that is invested in the Stock Fund distributed in shares of Dynegy Inc. common stock.

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Generally, a participant can defer the receipt of his or her distribution until April 1 of the calendar year following the later of the calendar year in which he or she reaches age 70 $^{1}/2$ or the calendar year in which he or she terminates employment. However, an automatic lump sum distribution may be made upon termination of employment if the participant s aggregate account balance (excluding the portion thereof attributable to rollover contributions) is not in excess of $5,000.

The Plan permits a variety of in-service withdrawals. Any participant may withdraw amounts credited to his or her after-tax account and rollover account. A participant who has attained age 59 ½ may withdraw amounts from his or her before-tax account and the vested interest in his or her Employer contribution account. A hardship withdrawal is also permitted under the Plan. In addition, certain special in-service withdrawal rights apply to certain amounts that have been transferred to the Plan from other retirement plans.

Loans to Participants

The Plan allows participants to borrow from their Plan accounts an amount not to exceed the lesser of $50,000 (reduced by the excess of the highest outstanding balance of loans during the one-year period before the date the loan is made over the outstanding balance of loans on the date the loan is made) or 50% of the vested account balance (other than the portion of such account balance that is invested under the directed brokerage investment fund option). Interest is charged on these loans at a rate commensurate with interest rates charged by persons in the business of lending money for similar type loans. For 2004 and 2003, the interest rate ranged from 5% to 10%.

All loans made will mature and be payable in full no earlier than one year and no later than five years from the date of the loan. An exception exists when the loan is used by the participant to acquire his or her principal residence. In this case, the loan will mature and be payable in full no earlier than one year and no later than ten years from the date of the loan. Loan repayments are made by payroll deductions authorized by the participant while the participant remains employed by the Employer or an affiliate. After termination of employment and before receiving a distribution from the Plan, a participant may continue to make loan payments directly to the Trustee. Principal and interest paid on the loan is credited to the participant s account. The Trustee maintains a loan fund to hold the balances of participants loans.

Termination of the Plan

Subject to certain limitations, the right to amend, modify or terminate the Plan is reserved by the Company. In the event the Plan is terminated and in the absence of a Plan amendment to the contrary, the assets of the trust fund will be liquidated and each participant will be entitled to receive the entire amount of his or her account.

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Plan Changes and Amendments

Effective January 1, 2004, the Plan was amended to provide that all participants who are eligible to make before-tax contributions under the Plan and who have attained age 50 before the end of the Plan year shall be eligible to make catch-up contributions in accordance with, and subject to the limitations of, Section 414(v) of the Code. Catch-up contributions are not matched by Employer matching contributions.

Effective January 1, 2004, the Plan was also amended to provide that if the distribution of a participant s vested interest is made in connection with the sale of stock or the assets of the Employer, the participant s loan under the Plan may be distributed solely as a direct rollover to a trust for a qualified plan of the purchaser that will accept the loan as an investment.

Effective October 1, 2003, the Plan was amended to provide for Employer matching contributions on a payroll period (rather than monthly) basis and to clarify the form of Employer contributions.

Effective May 5, 2003, Dynegy Global Communications, Inc. (DGC) terminated its status as an Employer under the Plan, following the sale of DGC by Dynegy Inc. to 360Networks Corporation. Consequently, any employee of DGC not participating in the Plan as of the day preceding the date of sale will not be eligible to participate in the Plan.

Effective January 1, 2003, the Plan was amended to comply with the final and temporary regulations under Section 401(a)(9) of the Code relating to required minimum distributions.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying Plan financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Investments

Participant loans included in the loan fund are valued at cost, which approximates fair value. Other investments are stated at fair value based on the latest quoted market price. Shares of mutual funds are valued at the net asset value of shares held by the Plan at the year end. Purchases and sales of securities are recorded on a trade-date-basis.

The investments held in the Dynegy Inc. Master Trust (the Master Trust) are stated at fair value as determined by the Trustee based on the latest quoted market values of the underlying securities. Securities for which no quoted market value is available are valued at fair value as determined in good faith by or under the direction of the Trustee. The Plan s interest in the market value of the Master Trust s net assets is determined in accordance with a computational method agreed upon between the Plan Administrator and the Trustee.

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The Stock Fund and the Stable Value Fund, however, are identified with each plan holding assets in the Master Trust on an actual basis. At December 31, 2004 and 2003, the Plan s interest in the Master Trust was approximately 55% and 50%, respectively.

Risks and Uncertainties

Investment securities are exposed to various risks, such as interest rate, market, and credit. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risks in the near term could materially affect participants account balances and the amounts reported in the Statement of Net Assets Available for Benefits.

Income

Net appreciation (depreciation) of investments is comprised of realized and unrealized gains and losses. Realized gains or losses represent the difference between proceeds received upon sale and the average cost of the investment. Unrealized gain or loss is the difference between market value and cost of investments retained in the Plan (at financial statement date). For the purpose of allocation to participants, the Stock Fund is valued by the Plan at its unit price (comprised of market price plus uninvested cash position) on the date of allocation and current unit price is used at the time of distribution to participants, resulting in a realized gain or loss and is reflected in the income from the Plan s investment in the Master Trust.

Investment income from the Plan s investment in the Master Trust consists of the Plan s proportionate share of the Master Trust s interest and dividend income and investment income from net appreciation (depreciation) in fair value of investments.

The Trustee records dividend income as of the ex-dividend date and accrues interest income as earned.

Expenses

Certain expenses incurred in the administration of the Plan and the related trusts are paid by the Employer. These expenses include fees and expenses of the consultants, auditors, and legal personnel.

Income Taxes

The Internal Revenue Service has determined and informed the Company by a letter dated June 16, 2004, that the Plan and related trust are designed in accordance with the applicable sections of the Code. The Plan has been amended by subsequent amendments not covered by the determination letter. However, the Plan Administrator believes that the Plan is designed and is currently being operated in compliance with the applicable requirements of the Code. Therefore, no provision for income taxes has been included in the Plan s financial statements.

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Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ materially from these estimates.

Distribution of benefits

Distributions of benefits are recorded when paid.

3. INVESTMENTS

Plan investments are received, invested and held by the Trustee. Individual investments that represent 5% or more of the Plan s net assets available for benefits include:

	December 31	
Investments at fair value as determined by quoted market price	**2004**	**2003**
Plan interest in Dynegy Inc. Master Trust*	$ 50,555,929	$ 48,537,046
American Funds Group Fundamental Investors Fund	20,328,151	18,244,337
Vanguard Total Stock Market Index Fund	18,719,893	16,917,087
Vanguard Retirement Savings Trust	26,308,575	27,029,418
Vanguard Capital Opportunity	13,580,006	10,423,660

* Includes both participant-directed and nonparticipant-directed investments. See Note 6.

The Plan s investments (including gains and losses on investments bought and sold, as well as held during the year) appreciated in value by $12,212,587 during 2004 as follows:

	Year ended December 31, 2004
Plan interest in Dynegy Inc. Master Trust	$ 4,068,866
Registered investment companies	8,143,721
	$ 12,212,587

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4. PARTICIPATION IN MASTER TRUST

Certain Plan investments are held in the Master Trust, with other assets of qualified retirement plans sponsored by the Company, including the Dynegy Midwest Generation, Inc. 401(k) Savings Plan, the Dynegy Midwest Generation, Inc. 401(k) Savings Plan for Employees Covered Under a Collective Bargaining Agreement, the Dynegy Northeast Generation, Inc. Savings Incentive Plan, and the Extant Inc. 401(k) Plan.

The following information is presented for the Master Trust:

	December 31,	
	2004	2003
Net Assets:		
Investments at fair value:		
Employer securities	$ 57,054,305	$ 62,458,575
Common collective trust	4,078,748	4,145,428
Registered investment companies	30,254,463	30,549,303
Receivables:		
Employer contributions receivable	95,667	214,625
Fund units receivable	2,329	199,367
Accrued expenses	(5,860)	(5,859)
Fund units payable	(86,419)	(19,192)
	$ 91,393,233	$ 97,542,247

Investment income for the Master Trust is as follows:

	Year ended December 31, 2004
Investment Income:	
Net appreciation in fair value of investments:	
Employer securities	$ 5,097,775
Registered investment companies	3,476,818
	8,574,593
Dividends and interest	171,783
	$ 8,746,376

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5. TRANSACTIONS WITH PARTIES-IN-INTEREST

Certain Plan investments are shares of mutual funds managed by Vanguard Fiduciary Trust Company. Vanguard Fiduciary Trust Company is the trustee as defined by the Plan and, therefore, these qualify as parties-in-interest transactions. Fees paid during the year for legal, accounting, and other professional services rendered by parties-in-interest were based on customary and reasonable rates for such services.

6. NONPARTICIPANT-DIRECTED INVESTMENTS

All funds in the Plan are participant directed, with the exception that Employer matching and discretionary contributions are initially invested in the Stock Fund. Participants may diversify the investment of Employer matching and discretionary contributions after such amounts are initially credited to their accounts, subject to the restrictions contained in the Company s insider trading policy. Information about the net assets available for benefits and the significant components of the changes in net assets available for benefits relating to the Stock Fund is as follows:

	December 31,	
	2004	2003
Net assets:		
Investments, at fair market value:		
Employer securities	$ 35,980,496	$ 35,191,190
Employer contributions receivable	82,380	214,625
	$ 36,062,876	$ 35,405,815

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	Year ended December 31, 2004
Changes in Net Assets:	
Employer contributions	$ 4,130,440
Employee contributions	532,034
Net appreciation in fair value of investments	2,672,579
Other income	14,649
Loan repayments	655,435
Benefit payments	(2,135,050)
Loan withdrawals	(916,423)
Administrative expenses	(4,727)
Transfers from participant-directed investments, net	(4,099,917)
	$ 849,020

7. COMMITMENTS AND CONTINGENCIES

Class action suit

In 2002, a class action complaint was filed in federal district court on behalf of participants holding Company common stock in the Plan during the period from April 1999 to January 2003. In general, the complaint alleged violations of ERISA in connection with the Plan, including claims that the Company s Board and certain of its former and current officers, past and present members of its Benefit Plans Committee, former employees who served on a predecessor committee to its Benefit Plans Committee, and Vanguard Fiduciary Trust Company and CG Trust Company (trustees of the trust that held Plan assets for portions of the putative class period) breached their fiduciary duties to the Plan s participants and beneficiaries in connection with the Plan s investment in Company common stock in particular with respect to the Company s financial statements, Project Alpha, round-trip trades and the gas price index investigation. The lawsuit sought unspecified damages for the losses to the Plan, as well as attorney s fees and other costs. In July 2003, the Company filed a motion to dismiss the action. The judge entered an order on the Company s motion in March 2004, dismissing several of the plaintiff s claims and all of the defendants except the Company and the members of its Benefit Plans Committee from January 2002 to January 2003, the substantially-reduced class period established by the order. An answer was filed to the plaintiff s suit denying the remaining claims in April 2004. In May 2004, in response to the plaintiff s request, the judge ordered the parties to engage in mediation. The parties mediated for two months, and ultimately reached a settlement under which the defendants agreed to pay $30.75 million to the plaintiffs for a full and final release of all claims. In December 2004, the judge granted final approval of the agreement and the settlement was fully funded by insurance proceeds. The settlement funds were allocated to the Plan accounts of the class members on April 1, 2005.

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DOL investigation

On July 24, 2002, the Plan Administrator received notification from the US Department of Labor (DOL), Employee Benefits Security Administration, of an investigation of the Plan under Section 504 of ERISA. The Company cooperated with the DOL throughout its investigation, which focused on a review of plan documentation, plan reporting and disclosure, plan recordkeeping, plan investments and investment options, plan fiduciaries and third-party service providers, plan contributions and other operational aspects of the plan. In February 2005, the Company received a letter from the DOL indicating that, as a result of the Company s recent settlement in the ERISA litigation, it intended to take no further action with respect to its investigation of the Plan.

Additional participating employers

Effective January 31, 2005, Sithe Energies, Inc. and Sithe Energies Power Services, Inc. became participating employers in the Plan.

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SUPPLEMENTAL SCHEDULES

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DYNEGY INC. 401(k) SAVINGS PLAN

EIN: 74-2928353 PN: 001

Schedule H, Line 4(i): - Schedule of Assets (Held at End of Year)

As of December 31, 2004

[a] Party-in-interest	[b] Identity of Issue, Borrower, Lessor or Similar Party	[c] Description of Investment including Maturity Date, Rate of Interest, Collateral, Par or Maturity Value	[d] Cost	[e] Current Value
*	Plan interest in Dynegy Inc. Master Trust	Master Trust	$ 56,552,652	$ 50,555,929
	American Funds EuroPacific Growth Fund	Registered Investment Company	**	4,968,840
	PIMCO Total Return Bond	Registered Investment Company	**	7,164,519
	AFG Fundamental Investors Fund	Registered Investment Company	**	20,328,151
*	Vanguard Capital Opportunity	Registered Investment Company	**	13,580,006
*	Vanguard Global Opportunity	Registered Investment Company	**	6,433,060
*	Vanguard Growth Equity Fund	Registered Investment Company	**	5,838,374
*	Vanguard Total Stock Market Index Fund	Registered Investment Company	**	18,719,893
*	Vanguard Retirement Savings Trust	Common/Collective Trust	**	26,308,575
*	Participant Loans	Various maturities and interest rates ranging from 5%-10%	**	5,281,896
Self-directed Brokerage Account:				
*	Summary of participant directed brokerage accounts	Various	**	414,462
		Total		$ 159,593,705

* A party-in-interest to the Plan
** Cost not required for participant directed investments

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DYNEGY INC. 401(k) SAVINGS PLAN

EIN: 74-2928353 PN: 001

Schedule H, Line 4(j): - Schedule of Reportable Transactions

For the year ended December 31, 2004

[a] Identity of party involved	[b] Description of asset (include interest rate and maturity in case of a loan)	[c] Purchase price	[d] Selling price	[g] Cost of asset	[h] Current value of asset on transaction date	[i] Net gain or (loss)
The Vanguard Group	* Vanguard Total Stock Mkt Inv	$ 3,853,525			$ 3,853,525	
The Vanguard Group	* Vanguard Total Stock Mkt Inv		$ 3,852,174	$ 3,638,158	3,852,174	$ 214,016
The Vanguard Group	* Vanguard Retirement Savings Trust	8,326,246			8,326,246	
The Vanguard Group	* Vanguard Retirement Savings Trust		9,064,884	9,064,884	9,064,884	
The Vanguard Group	* Dynegy Stock Fund	8,677,849			8,677,849	
The Vanguard Group	* Dynegy Stock Fund		10,575,747	12,309,166	10,575,747	(1,733,419)

* A party-in-interest to the Plan

Note: Item (e) and (f) are not applicable

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SIGNATURE

Dynegy Inc. 401(k) Savings Plan. Pursuant to the requirements of the Securities Exchange Act of 1934, the trustee (or other persons who administer the employee benefit plan) have duly caused this annual report to be signed on its behalf of the undersigned hereunto duly authorized.

Dynegy Inc. 401(k) Savings Plan

By: /s/ J. Kevin Blodgett

J. Kevin Blodgett
Designated Member Dynegy Inc.
Benefit Plans Committee

Date: June 28, 2005