

BAYLESS CHARLES E  
 Form 4  
 January 17, 2006

**FORM 4**

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

OMB APPROVAL

OMB Number: 3235-0287  
 Expires: January 31, 2005  
 Estimated average burden hours per response... 0.5

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

**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 \*  
 BAYLESS CHARLES E

(Last) (First) (Middle)

7300 N. SUNSET CANYON

(Street)

TUSCON, AZ 85718

(City) (State) (Zip)

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

3. Date of Earliest Transaction  
 (Month/Day/Year)  
 01/12/2006

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)

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)	
				(A) or (D)	Price			
				Code	V	Amount	(D)	Price

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	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	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)
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Derivative Security			Code	Disposed of (D) (Instr. 3, 4, and 5)		Date Exercisable	Expiration Date	Title	Amount or Number of Shares
				(A)	(D)				
Phantom Stock	(1)	01/12/2006	A	3,099.17 (2)		(3)	(3)	Class A Common Stock	3,099.17
Phantom Stock	(1)	01/12/2006	A	2,040.29 (2)		(4)	(5)	Class A Common Stock	2,040.29

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
BAYLESS CHARLES E 7300 N. SUNSET CANYON TUSCON, AZ 85718	X			

## Signatures

By: Carolyn M. Campbell, Attorney-in-Fact 01/17/2006  
\*\*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) These shares of phantom stock are convertible on a 1-for-1 basis.  
Reflects shares of phantom stock issued to the Reporting Person pursuant to the Dynegy Inc. Deferred Compensation Plan for Certain Directors, as amended, a Rule 16b-3 Plan with the issuer. The shares of phantom stock were issued in connection with the Reporting Person's director compensation for the fourth quarter of 2005, and the number of shares issued with respect to the quarter was calculated based on the closing price of the issuer's Class A common stock of \$4.84 on December 31, 2005, the last trading day of the quarter.
- (3) Upon termination of the Reporting Person's service as a director, the shares of phantom stock become payable, at the election of the Reporting Person, in a lump sum payment or in monthly, quarterly or annual installment payments following such termination. The shares of phantom stock are payable in cash or in shares of the issuer's Class A common stock.
- (4) These shares of phantom stock are deemed to be payable immediately as the Reporting Person may elect at any time to transfer the value of such shares to an alternative investment fund maintained by the issuer under Dynegy Inc. Deferred Compensation Plan for Certain Directors, as amended.
- (5) Upon termination of the Reporting Person's service as a director, the shares of phantom stock become payable in cash, at the election of the Reporting Person, in a lump sum payment or in monthly, quarterly or annual installment payments following such termination.

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.