

DYNEGY INC.
Form SC 13D/A
November 16, 2010

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 13D

Under the Securities Exchange Act of 1934

(Amendment No. 4)*

DYNEGY INC.

(Name of Issuer)

Common Stock, par value \$0.01 per share

(Title of Class of Securities)

26817G300

(CUSIP Number)

Michael R. Anastasio, Jr.

c/o Seneca Capital Investments, LP

590 Madison Avenue, 28th Floor

New York, New York 10022

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212-888-2999

(Name, Address and Telephone Number of Person Authorized to Receive Notices and Communications)

November 11, 2010

(Date of Event which Requires Filing of This Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition that is the subject of this Schedule 13D, and is filing this schedule because of §§240.13d-1(e), 240.13d-1(f) or 240.13d-1(g), check the following box. "

Note: Schedules filed in paper format shall include a signed original and five copies of the schedule, including all exhibits. See §240.13d-7 for other parties to whom copies are to be sent.

* The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter disclosures provided in a prior cover page. The information required on the remainder of this cover page shall not be deemed to be filed for the purpose of Section 18 of the Securities Exchange Act of 1934 (Act) or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

CUSIP No.

(1) Names of Reporting Persons. I.R.S. Identification Nos. of above persons (entities only).

Seneca Capital International Master Fund, L.P.

(2) Check the Appropriate Box if a Member of a Group

(a) (b)

(3) SEC Use Only

(4) Source of Funds

WC

(5) Check if Disclosure of Legal Proceedings Is Required Pursuant to Items 2(d) or 2(e)

(6) Citizenship or Place of Organization

Cayman Islands

Number of (7) Sole Voting Power

Shares

Beneficially 0 shares

(8) Shared Voting Power
Owned by

Each

Reporting 7,712,100 shares (See Item 5)
(9) Sole dispositive Power**

Person

With:

0 shares
(10) Shared Dispositive Power

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7,712,100 shares (See Item 5)

(11) Aggregate Amount Beneficially Owned by Each Reporting Person

7,712,100 shares (See Item 5)

(12) Check if the Aggregate Amount in Row (11) Excludes Certain Shares

(13) Percent of Class Represented by Amount in Row (11)

6.4% (See Item 5)

(14) Type of Reporting Person (See Instructions)

OO (Limited Partnership)

CUSIP No.

(1) Names of Reporting Persons. I.R.S. Identification Nos. of above persons (entities only).

Seneca Capital, L.P.

(2) Check the Appropriate Box if a Member of a Group

(a) (b)

(3) SEC Use Only

(4) Source of Funds

WC

(5) Check if Disclosure of Legal Proceedings Is Required Pursuant to Items 2(d) or 2(e)

(6) Citizenship or Place of Organization

Delaware

Number of (7) Sole Voting Power

Shares

Beneficially 0 shares

(8) Shared Voting Power

Owned by

Each

Reporting 3,514,400 shares (See Item 5)

(9) Sole dispositive Power**

Person

With:

0 shares

(10) Shared Dispositive Power

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3,514,400 shares (See Item 5)

(11) Aggregate Amount Beneficially Owned by Each Reporting Person

3,514,400 shares (See Item 5)

(12) Check if the Aggregate Amount in Row (11) Excludes Certain Shares

(13) Percent of Class Represented by Amount in Row (11)

2.9% (See Item 5)

(14) Type of Reporting Person (See Instructions)

OO (Limited Partnership)

CUSIP No.

(1) Names of Reporting Persons. I.R.S. Identification Nos. of above persons (entities only).

Seneca Capital Investments, L.P.

(2) Check the Appropriate Box if a Member of a Group

(a) (b)

(3) SEC Use Only

(4) Source of Funds

AF

(5) Check if Disclosure of Legal Proceedings Is Required Pursuant to Items 2(d) or 2(e)

(6) Citizenship or Place of Organization

Delaware

Number of (7) Sole Voting Power

Shares

Beneficially 0 shares

(8) Shared Voting Power
Owned by

Each

Reporting 11,226,500 shares (See Item 5)
(9) Sole dispositive Power**

Person

With:

0 shares
(10) Shared Dispositive Power

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11,226,500 shares (See Item 5)

(11) Aggregate Amount Beneficially Owned by Each Reporting Person

11,226,500 shares (See Item 5)

(12) Check if the Aggregate Amount in Row (11) Excludes Certain Shares

(13) Percent of Class Represented by Amount in Row (11)

9.3% (See Item 5)

(14) Type of Reporting Person (See Instructions)

OO (Limited Partnership)

CUSIP No.

(1) Names of Reporting Persons. I.R.S. Identification Nos. of above persons (entities only).

Seneca Capital Investments, LLC

(2) Check the Appropriate Box if a Member of a Group

(a) (b)

(3) SEC Use Only

(4) Source of Funds

AF

(5) Check if Disclosure of Legal Proceedings Is Required Pursuant to Items 2(d) or 2(e)

(6) Citizenship or Place of Organization

Delaware

Number of (7) Sole Voting Power

Shares

Beneficially 0 shares

(8) Shared Voting Power
Owned by

Each

Reporting 11,226,500 shares (See Item 5)
(9) Sole dispositive Power**

Person

With:

0 shares
(10) Shared Dispositive Power

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11,226,500 shares (See Item 5)

(11) Aggregate Amount Beneficially Owned by Each Reporting Person

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(12) Check if the Aggregate Amount in Row (11) Excludes Certain Shares

(13) Percent of Class Represented by Amount in Row (11)

9.3% (See Item 5)

(14) Type of Reporting Person (See Instructions)

OO (Limited Liability Company)

CUSIP No.

(1) Names of Reporting Persons. I.R.S. Identification Nos. of above persons (entities only).

Seneca Capital International GP, LLC

(2) Check the Appropriate Box if a Member of a Group

(a) (b)

(3) SEC Use Only

(4) Source of Funds

AF

(5) Check if Disclosure of Legal Proceedings Is Required Pursuant to Items 2(d) or 2(e)

(6) Citizenship or Place of Organization

Delaware

Number of (7) Sole Voting Power

Shares

Beneficially 0 shares

(8) Shared Voting Power
Owned by

Each

Reporting 7,712,100 shares (See Item 5)
(9) Sole dispositive Power**

Person

With:

0 shares
(10) Shared Dispositive Power

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7,712,100 shares (See Item 5)

(11) Aggregate Amount Beneficially Owned by Each Reporting Person

7,712,100 shares (See Item 5)

(12) Check if the Aggregate Amount in Row (11) Excludes Certain Shares

(13) Percent of Class Represented by Amount in Row (11)

6.4% (See Item 5)

(14) Type of Reporting Person (See Instructions)

OO (Limited Liability Company)

CUSIP No.

(1) Names of Reporting Persons. I.R.S. Identification Nos. of above persons (entities only).

Seneca Capital Advisors, LLC

(2) Check the Appropriate Box if a Member of a Group

(a) (b)

(3) SEC Use Only

(4) Source of Funds

AF

(5) Check if Disclosure of Legal Proceedings Is Required Pursuant to Items 2(d) or 2(e)

(6) Citizenship or Place of Organization

Delaware

Number of (7) Sole Voting Power

Shares

Beneficially 0 shares

(8) Shared Voting Power
Owned by

Each

Reporting 3,514,400 shares (See Item 5)
(9) Sole dispositive Power**

Person

With:

0 shares
(10) Shared Dispositive Power

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3,514,400 shares (See Item 5)

(11) Aggregate Amount Beneficially Owned by Each Reporting Person

3,514,400 shares (See Item 5)

(12) Check if the Aggregate Amount in Row (11) Excludes Certain Shares

(13) Percent of Class Represented by Amount in Row (11)

2.9% (See Item 5)

(14) Type of Reporting Person (See Instructions)

OO (Limited Liability Company)

CUSIP No.

(1) Names of Reporting Persons. I.R.S. Identification Nos. of above persons (entities only).

Douglas A. Hirsch

(2) Check the Appropriate Box if a Member of a Group

(a) (b)

(3) SEC Use Only

(4) Source of Funds

AF

(5) Check if Disclosure of Legal Proceedings Is Required Pursuant to Items 2(d) or 2(e)

(6) Citizenship or Place of Organization

United States

Number of (7) Sole Voting Power

Shares

Beneficially 0 shares

(8) Shared Voting Power
Owned by

Each

Reporting 11,226,500 shares (See Item 5)
(9) Sole dispositive Power**

Person

With:

0 shares
(10) Shared Dispositive Power

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(12) Check if the Aggregate Amount in Row (11) Excludes Certain Shares

(13) Percent of Class Represented by Amount in Row (11)

9.3% (See Item 5)

(14) Type of Reporting Person (See Instructions)

IN

CUSIP No. 26817G300

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Introduction

This Amendment No. 4 (Amendment No. 4) amends and supplements the Schedule 13D filed with the Securities and Exchange Commission (the SEC) on October 7, 2010, as amended by Amendment No. 1 thereto filed with the SEC on October 21, 2010, by Amendment No. 2 thereto filed with the SEC on November 2, 2010, and by Amendment No. 3 thereto filed with the SEC on November 8, 2010 (such Schedule 13D, as amended, the Schedule 13D) on behalf of (i) Seneca Capital International Master Fund, L.P., a Cayman Islands exempted limited partnership (International Fund), (ii) Seneca Capital, L.P., a Delaware limited partnership (U.S. Fund), (iii) Seneca Capital Investments, L.P., a Delaware limited partnership (Seneca LP), (iv) Seneca Capital Investments, LLC, a Delaware limited liability company (Seneca LLC), (v) Seneca Capital International GP, LLC, a Delaware limited liability company (Seneca International GP), (vi) Seneca Capital Advisors, LLC, a Delaware limited liability company (Seneca Advisors), and (vii) Douglas A. Hirsch (together with each of the foregoing, the Reporting Persons), with respect to shares of Common Stock, par value \$0.01 per share (Common Stock), of Dynegy Inc., a Delaware corporation (the Issuer), beneficially owned by the Reporting Persons (the Shares). Capitalized terms used and not otherwise defined in this Amendment No. 4 shall have the meanings previously ascribed thereto in the Schedule 13D.

Amendment No. 4 is filed to amend Item 4 and Item 7 of the Schedule 13D as set forth below.

Item 4. Purpose of Transaction

Item 4 is hereby amended to add the following information:

On November 11, 2010, the Reporting Persons announced their intent to seek to replace two directors of the Issuer (also referred to herein as Dynegy or the Company) and stated that E. Hunter Harrison and Jeff Hunter had agreed to serve as nominees for election to the Issuer s Board of Directors (the Dynegy Board) by written consent of Dynegy s stockholders (the Consent Solicitation).

The Reporting Persons have also announced that, although they currently seek to replace only two current directors of Dynegy, Steve Weyel and Jeffrey S. Stein stand ready to serve as additional nominees in the event that other current directors step down from the Dynegy Board or in the event of another consent solicitation.

On November 15, 2010, the Reporting Persons filed with the SEC preliminary materials relating to the Consent Solicitation. In addition to seeking to replace two of the current directors of Dynegy, the Consent Solicitation seeks stockholder approval of the following proposals (Proposals):

- Proposal 1. Remove, without cause, the following two members of the Dynegy Board (and any person or persons, other than those elected pursuant to this consent solicitation, elected or appointed by the Dynegy Board to fill any vacancy or newly created directorship prior to the effective date of the Proposals): Bruce A. Williamson and David W. Biegler.
- Proposal 2. Elect E. Hunter Harrison and Jeff D. Hunter (each, a Nominee and collectively, the Nominees) to serve as directors of the Company until the next annual meeting of stockholders and until their successors are duly elected and qualified.
- Proposal 3. Repeal any provision of the Company s Amended and Restated Bylaws (the Bylaws) in effect at the time this proposal becomes effective that was not included in the Bylaws that became effective on December 7, 2009 and were filed with the SEC on December 11, 2009.
- Proposal 4. Direct the Dynegy Board to explore and undertake a strategic review of the Company and its assets to explore the possibility of a sale of the Company and/or its assets with a view to using proceeds of any such asset sales for liquidity, optimizing the level of outstanding debt or other means of creating stockholder value.

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- Proposal 5. Direct the Dynegy Board to consider strategies to optimize the Company's debt structure, including, without limitation, a refinancing of the Company's revolver to better align with actual business needs, an evaluation of additional financings and/or debt exchanges to extend and reduce maturities and/or to reduce costs, an evaluation of hedge monetization to enhance liquidity, and an evaluation of the most efficient means of hedge collateralization, including the use of non-cash assets.

- Proposal 6. Direct the Dynegy Board to carefully evaluate all cost cutting opportunities available to the Company, including, without limitation, corporate costs.
- Proposal 7. Direct the Dynegy Board to conduct a review of senior management and the compensation plan of the Company to ensure that proper alignment is in place to capture value for stockholders.
- Proposal 8. Direct the Dynegy Board to undertake an in-depth review of director and officer compensation policies to ensure that such policies provide for the best-in-class economic alignment with stockholders through stock ownership.
- Proposal 9. Direct the Dynegy Board to analyze and explore unwinding the recent reverse stock split in a stockholder-friendly manner. Materials filed by the Reporting Persons in connection with the Consent Solicitation may be viewed without charge at the SEC's website at www.sec.gov.

Seneca Capital Investments, LP has entered into a separate Director's Agreement (a "Director's Agreement") with each of Messrs. Harrison, Hunter, Weyel and Stein (the "Potential Directors"). Under each Director's Agreement, the applicable Potential Director has expressed a willingness to serve as a nominee for election as a director of Dynegy. The Reporting Persons are not paying the Potential Directors for their agreement to act in such capacity, except that Seneca Capital Investments, LP has agreed to indemnify and advance expenses to each Potential Director if he becomes party to a proceeding in his capacity as a nominee, subject to certain limitations set forth in the form of Director's Agreement attached as Exhibit 7.2 to this Schedule 13D and incorporated into this Item 4 by this reference.

The Reporting Persons understand that Mr. Harrison owns 500,000 shares of Dynegy's Common Stock and that Mr. Hunter intends to own 300,000 shares of Dynegy's Common Stock if elected to the Dynegy Board. The Reporting Persons disclaim beneficial ownership of such shares of Common Stock.

Item 7. Material to Be Filed as Exhibits

Item 7 is hereby amended and restated as follows:

Exhibit 7.1 Joint Filing Agreement by and among the Reporting Persons (incorporated by reference to Exhibit 7.1 of the Schedule 13D filed by the Reporting Persons with respect to the Issuer on October 7, 2010).

Exhibit 7.2 Form of Director's Agreement by and between Seneca Capital Investments, LP and each Nominee.

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

November 15, 2010

SENECA CAPITAL INTERNATIONAL

MASTER FUND, L.P.

By: Seneca Capital International GP, LLC,

Its General Partner

By: /s/ Douglas A. Hirsch

Douglas A. Hirsch, Managing Member

SENECA CAPITAL, L.P.

By: Seneca Capital Advisors, LLC,

Its General Partner

By: /s/ Douglas A. Hirsch

Douglas A. Hirsch, Managing Member

SENECA CAPITAL INVESTMENTS, L.P.

By: Seneca Capital Investments, LLC,

its General Partner

By: /s/ Douglas A. Hirsch

Douglas A. Hirsch, Managing Member

SENECA CAPITAL INVESTMENTS, LLC

By: /s/ Douglas A. Hirsch

Douglas A. Hirsch, Managing Member

SENECA CAPITAL INTERNATIONAL GP, LLC

By: /s/ Douglas A. Hirsch

Douglas A. Hirsch, Managing Member

SENECA CAPITAL ADVISORS, LLC

By: /s/ Douglas A. Hirsch

Douglas A. Hirsch, Managing Member

DOUGLAS A. HIRSCH

By: /s/ Douglas A. Hirsch

Douglas A. Hirsch, individually

DIRECTOR S AGREEMENT

This Agreement is made and entered into this __ day of November, 2010 (the Agreement), by and between Seneca Capital Investments, LP (Seneca), and [] (Director).

WHEREAS, Seneca has asked and Director has agreed to be a nominee for election to the Board of Directors of Dynegy Inc., a Delaware corporation (Dynegy); and

WHEREAS, Seneca s and/or Seneca s affiliates may, in appropriate circumstances, solicit proxies or written consents from the stockholders of Dynegy in support of Director s election to the Board of Directors of Dynegy (the Dynegy Board);

NOW, THEREFORE, in consideration of the foregoing and with the understanding on the part of Seneca that Director is relying on this Agreement in agreeing to be a nominee as aforesaid and for other and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

SECTION 1. Definitions. For purposes of this Agreement:

- (a) Enterprise shall mean Dynegy.
- (b) Expenses shall include all reasonable attorneys fees and all other out of pocket disbursements or out of pocket expenses of the types customarily incurred in connection with defending a Proceeding (in all cases, to the extent reasonable).
- (c) Good Faith shall mean Director having acted reasonably and in good faith without negligence or intentional misconduct and in a manner Director reasonably believed to be in or not opposed to the best interests of Seneca or the Enterprise, as applicable, and having had no reasonable cause to believe Director s conduct was unlawful.
- (d) Indemnifiable Event means any event or occurrence in either case relating to or arising out of any action taken or omitted to be taken by Seneca in connection with Director s serving as a Nominee, but not in the Director s capacity as a director of Dynegy if the Director is so elected.
- (e) Nominee means as a nominee proposed by Seneca for election as a director of the Enterprise.
- (f) Proceeding includes any pending or completed action, suit, ar