DYNEGY INC /IL/ Form 4 July 19, 2005

FORM 4

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

3235-0287 Number:

Check this box if no longer subject to Section 16.

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF **SECURITIES**

January 31, Expires: 2005 Estimated average

Form 4 or Form 5 obligations may continue.

See Instruction

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

burden hours per response... 0.5

1(b).

(Last)

(Print or Type Responses)

1. Name and Address of Reporting Person * **BAYLESS CHARLES E**

2. Issuer Name and Ticker or Trading

5. Relationship of Reporting Person(s) to Issuer

Symbol

DYNEGY INC /IL/ [DYN]

(Check all applicable)

7300 N. SUNSET CANYON

(First)

(Street)

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

X_ Director 10% Owner Other (specify Officer (give title below)

07/15/2005

4. If Amendment, Date Original

Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check

Applicable Line)

X Form filed by One Reporting Person Form filed by More than One Reporting

(Instr. 4)

Person

TUSCON, AZ 85718

(City) (State) (Zip) Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)

2. Transaction Date 2A. Deemed (Month/Day/Year) Execution Date, if

(Month/Day/Year)

(Middle)

4. Securities TransactionAcquired (A) or Code Disposed of (D) (Instr. 8) (Instr. 3, 4 and 5)

5. Amount of Securities Beneficially Owned

6. Ownership 7. Nature of Form: Direct Indirect (D) or Indirect Beneficial Ownership

Following Reported

Transaction(s) (Instr. 3 and 4)

Code V Amount (D) Price

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

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

SEC 1474 (9-02)

(Instr. 4)

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

1. Title of Derivative Conversion Security or Exercise (Instr. 3) Price of

3. Transaction Date 3A. Deemed (Month/Day/Year)

Execution Date, if (Month/Day/Year)

5. Number of 4 TransactionDerivative Code Securities (Instr. 8) Acquired (A) or

(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 Disposed of (D) Security (Instr. 3, 4, and 5) Code V (A) Expiration Title Date Amount or Exercisable Number of Date Shares Class A Phantom 2,572.02 (3) 07/15/2005 (3) Common (1) Α 2,572.02 Stock (2) Stock

Reporting Owners

Reporting Owner Name / Address

Director 10% Owner Officer Other

BAYLESS CHARLES E
7300 N. SUNSET CANYON X
TUSCON, AZ 85718

Signatures

Carolyn M. Campbell,
Attorney-in-Fact
07/19/2005

**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, 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 second 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 \$4.86 on June 30, 2005, the last trading day of the quarter.
- Upon termination of the Reporting Person's service as a director, the shares of phantom stock become payable, at the election of the (3) 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.

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.

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