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Dynegy Inc. Q1 2009 Earnings Call Transcript

Question-and-Answer Session

Operator

Thank you. The first call will come from Ameet Thakkar of Deutsche Bank. Your line is open.

Ameet Thakkar – Deutsche Bank

Good morning, guys.

Bruce Williamson

Hi.

Ameet Thakkar – Deutsche Bank

Just wanted to ask you guys if you could kind of leave or remind us what are the auction rights provisions in your merger agreements with LS Power. Can they effectively put you guys up for sale?

Bruce Williamson

Well, I mean, what LS can do after April, though now we are past that date, is really they are lockup ended. So prior to April, they had limitations on their ability to sell shares other than some very small amount, about 40 million shares or so. Now, post April, they can sell shares if they would like to, but it has to be in a widely dispersed offering where no party buying controls more than 15%. If they want to buy more shares than what they currently own, they have to make an offer for all and not less than all of the outstanding common shares. That offer would have to be received and be evaluated by the independent directors of the Board, much like any company would by a Board, and has to be viewed and judged as a full and fair value for all investors. And then after that, if that offer is rejected, then LS has an additional right, which is they can request the company to hold an auction. And again, any bids that would be received from that party or anyone else has to be judged by the independent directors to be at a full and fair value for all investors.

Ameet Thakkar – Deutsche Bank

Okay. And then just turning to MISO capacity pricing, we saw the results of Ameren's capacity auction. There is not a centralized capacity market in MISO. I know it's been largely a bilateral market. I mean, what takeaways should we take away from the results of that process?

Bruce Williamson

Let me ask Chuck or Eric [ph] to weigh in on it.

Chuck Cook

Well, I think in general what we've seen is the capacity prices are down a bit. We – you are correct. It is a bilateral market. There are a couple of auction process – prospects underway now. I guess – that's all I got [ph].

Ameet Thakkar – Deutsche Bank

All right. Thanks.

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