

Mid-Atlantic Conference of Regulatory Utilities Commissioners

June 27, 2017

Bob Flexon
President and Chief Executive Officer

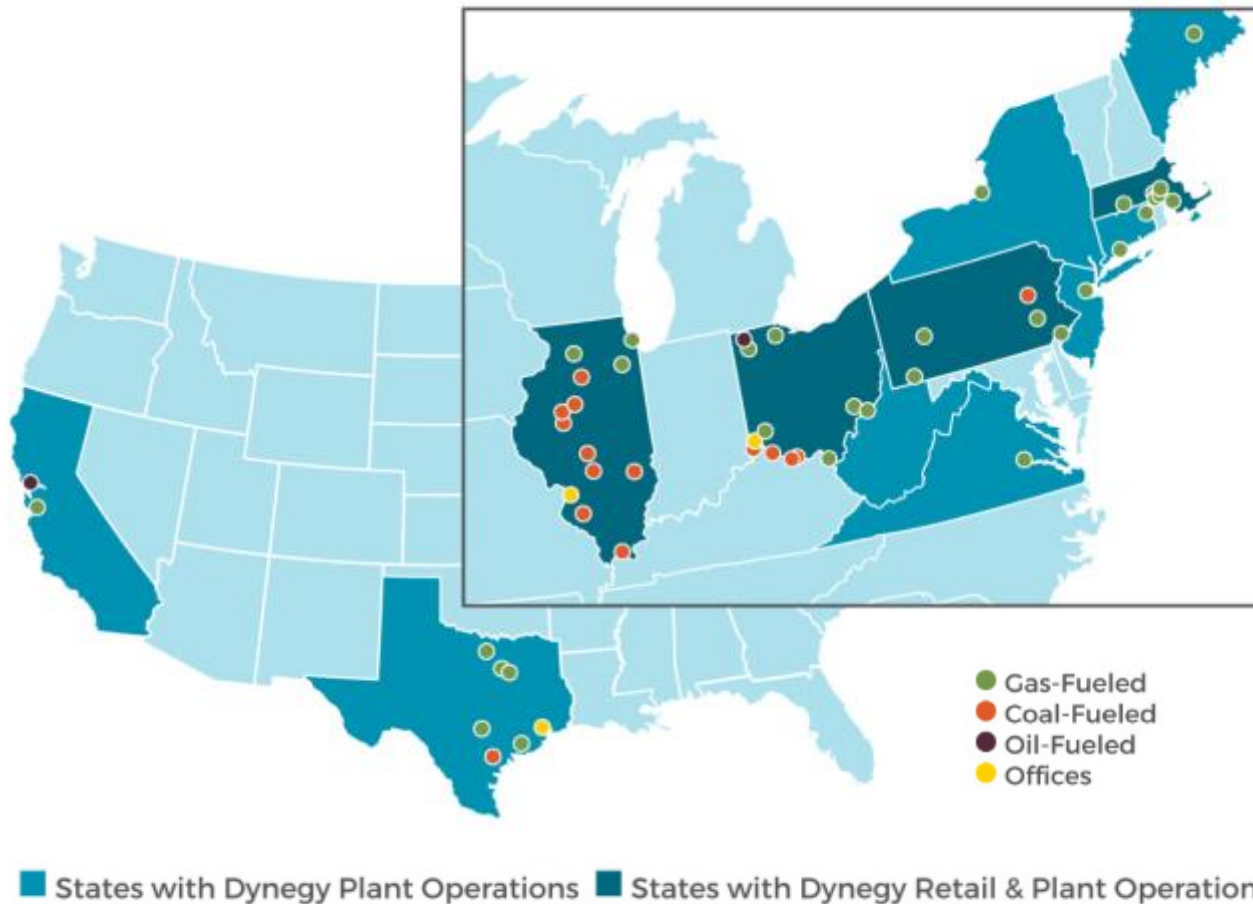
FORWARD-LOOKING STATEMENTS

Cautionary Statement Regarding Forward-Looking Statements

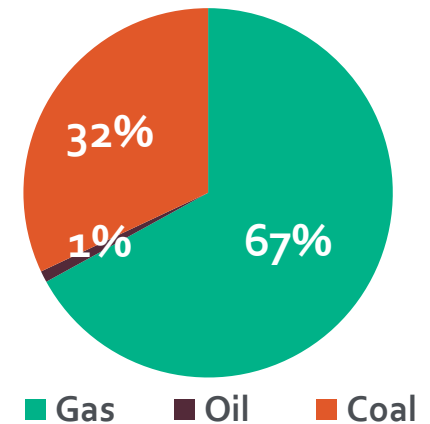
This presentation contains statements reflecting assumptions, expectations, projections, intentions or beliefs about future events that are intended as “forward-looking statements.” You can identify these statements by the fact that they do not relate strictly to historical or current facts. Management cautions that any or all of Dynegy’s forward-looking statements may turn out to be wrong. Please read Dynegy’s annual, quarterly and current reports filed under the Securities Exchange Act of 1934, including its 2016 Form 10-K and first quarter 2017 Form 10-Q for additional information about the risks, uncertainties and other factors affecting these forward-looking statements and Dynegy generally. Dynegy’s actual future results may vary materially from those expressed or implied in any forward-looking statements. All of Dynegy’s forward-looking statements, whether written or oral, are expressly qualified by these cautionary statements and any other cautionary statements that may accompany such forward-looking statements. In addition, Dynegy disclaims any obligation to update any forward-looking statements to reflect events or circumstances after the date hereof.



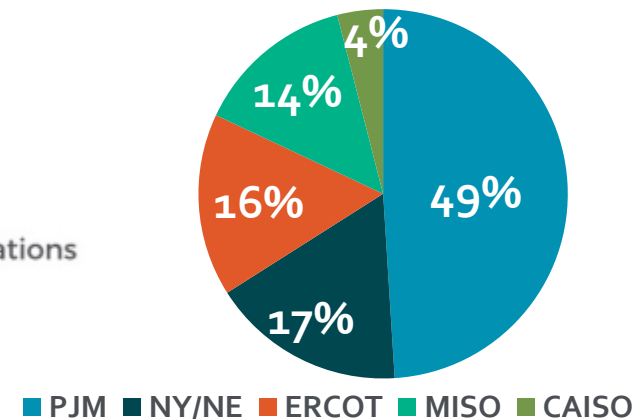
A LEADING PORTFOLIO⁽¹⁾



Capacity by Fuel Type



Capacity by Market⁽²⁾



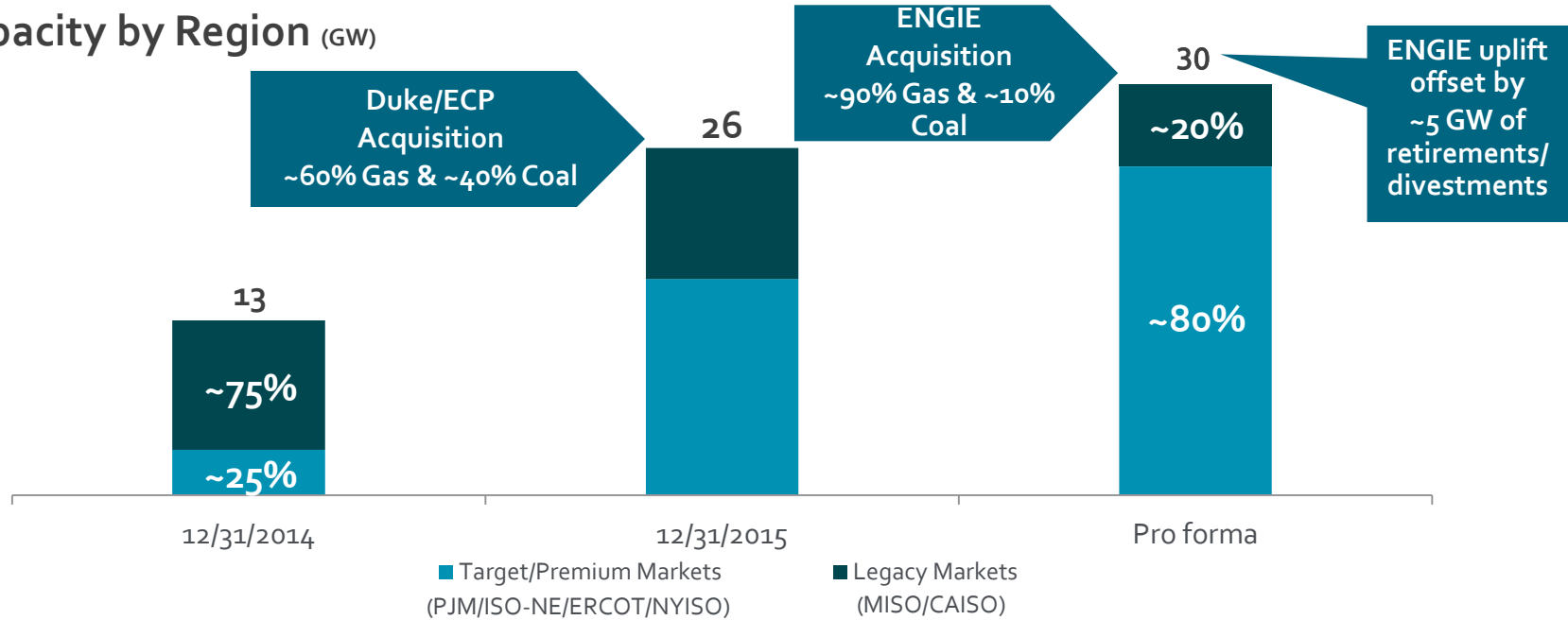
Dynegey's portfolio has transformed to predominantly gas-fueled generation geared towards the most attractive markets

⁽¹⁾ Portfolio as of June 26, 2017 which now excludes Brayton Point post its May 2017 retirement; ⁽²⁾ PJM and MISO capacity percentages reflect pseudo-tied MWs in PJM



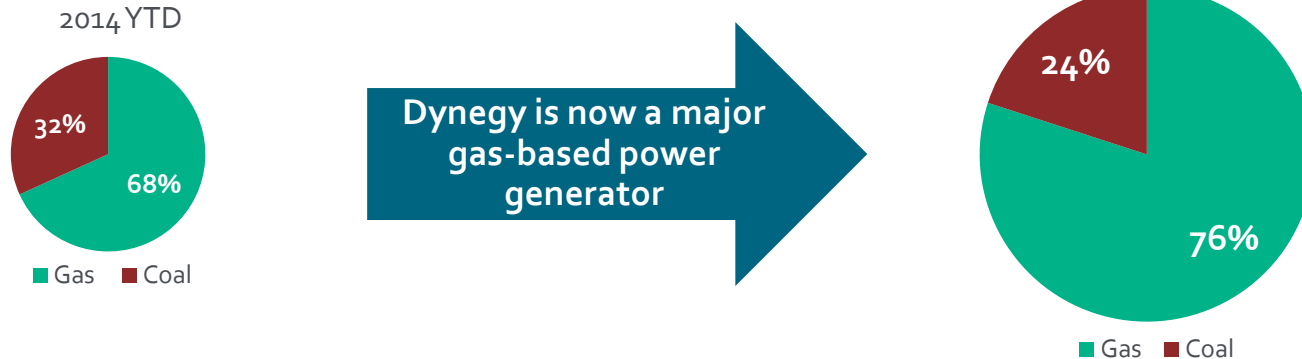
DYNEGY'S TRANSFORMATION

Capacity by Region (GW)



Adjusted EBITDA Contribution by Fuel Type

(Before Corporate allocation)



Dynegy has transformed its fleet to the most attractive power assets in the most attractive markets

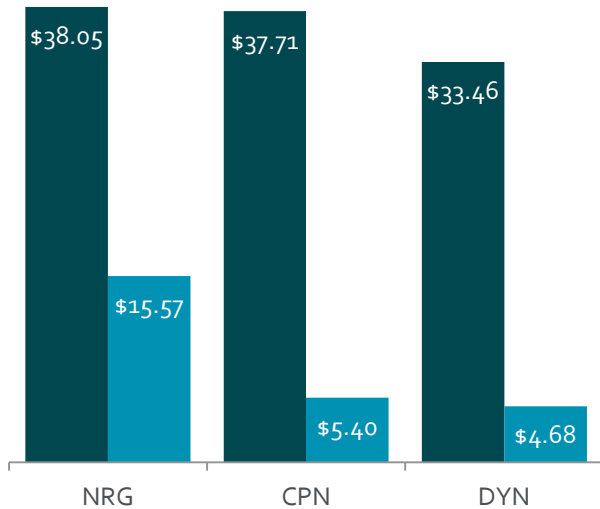


INDUSTRY LEADERSHIP IN COST OPTIMIZATION

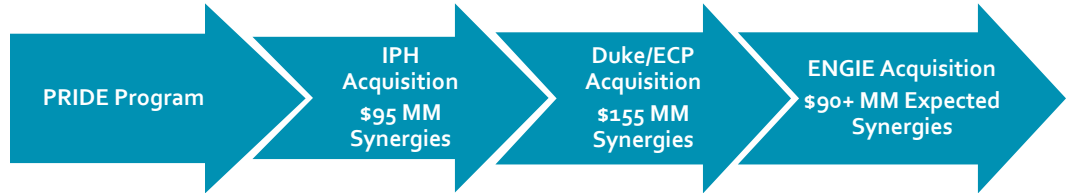
Leveraging Scale⁽¹⁾

O&M and G&A Costs (\$/kW)

■ O&M ■ G&A

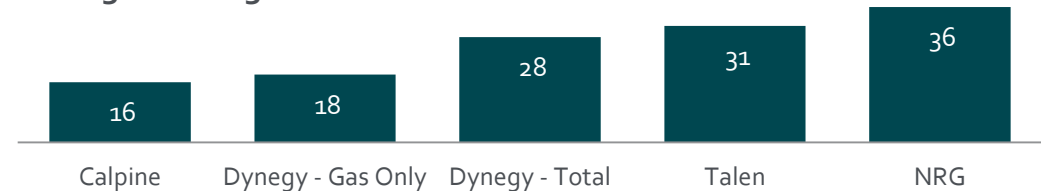


- Driving cost efficiency while transforming the company
- Increase in scale and cost discipline results in lower costs per kW
- Dynegy is the most efficient and lowest-cost operator in wholesale markets



	2010	2013	2014	2015 ⁽²⁾	2017-2018E Average	Estimated Change Since 2010
Annual G&A (\$ MM)	\$137	\$86	\$100	\$130	~\$145	+\$8 MM
Generation (MM MWh) (net of announced sale/shutdowns)	38.7	39.0	61.2	110	~130	+91.3 MM MWh
Change in G&A		37% ↓	16% ↑	30% ↑	~12% ↑	+6%
Change in Generation (before announced sale/shutdowns)		0% ↔	57% ↑	80% ↑	~30% ↑	+270%
G&A per MWh (net of announced sale/shutdowns)	\$3.54	\$2.21	\$1.63	\$1.18	~\$1.12	-68%

Average Fleet Age vs. Peers



Best-in-class cost structure with a young fleet

⁽¹⁾ Source: 2/15/2017 Morgan Stanley Research Report "Focus on Cost Cuts & Strategic Action: Increasing NRG PT, but Reducing NYLD – Exhibit 2"

⁽²⁾ 2015 shown pro forma for full year ownership of Duke and EquiPower assets



THE RIGHT ASSETS IN THE RIGHT MARKETS⁽¹⁾

Gas Portfolio (20 GW)

(~50% PJM : ~20% ERCOT : ~20% ISO-NE : ~5% NYISO : ~5% CAISO)

Gross Margin Contributions⁽³⁾

Energy = ~55%

Capacity = ~45%

- Largest merchant CCGT fleet in PJM & ISO-NE
- Adding capacity via low-cost uprates
- CCGT fleet running as baseload
- Advantaged access to low-cost gas



Performs well in today's low gas environment

Coal Portfolio⁽²⁾ (10 GW)

(~50% PJM : ~45% MISO : ~5% ERCOT)

Gross Margin Contributions⁽³⁾

Energy = ~55%

Capacity = ~35%

Retail = ~10%

- Over 1 GW of MISO generation exported to PJM
- Remaining fleet cash neutral to cash positive
- Unprofitable units retired or mothballed
- Declining delivered fuel costs



Benefits significantly from rising gas environment

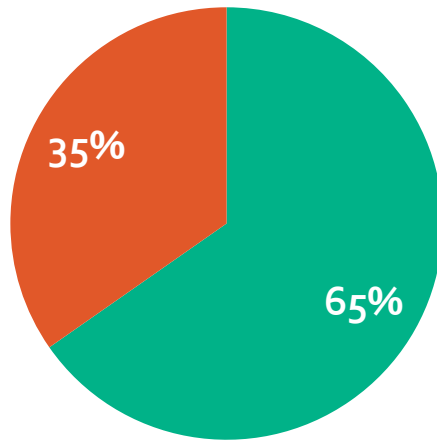
Gas portfolio generates significant free cash flow while coal portfolio provides a valuable, no cost option to natural gas price increases



PJM OVERVIEW

Dynegy's PJM Portfolio: ~ 15 GW

Fuel Mix

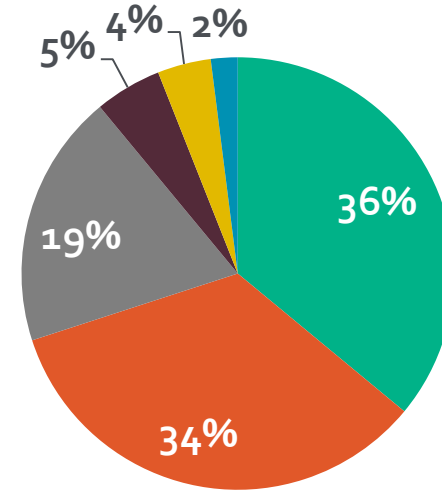


■ Gas ■ Coal

- Largest merchant PJM CCGT fleet
- Gas supply advantage expected to persist
- Strong presence in premium capacity zones
- Retiring economically challenged coal units
- Consolidating ownership in Ohio jointly owned coal units

PJM Market Dynamics

Installed Generation Capacity: ~180 GW



■ Gas ■ Coal ■ Nuclear ■ Oil ■ Hydro ■ Other

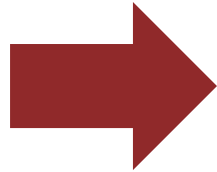
- Many coal and nuclear assets under economic pressures
- Regulated owners of economically challenged generation seeking out-of-market subsidies
- PJM white paper proposing improvements to energy and capacity markets

PJM continues to be the market design leader



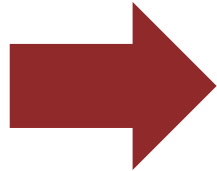
DYNEGY'S PRIORITIES

Operating Excellence



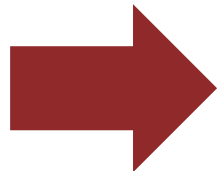
- Industry leading safety
- Lowest cost platform
- Plant reliability

Portfolio Optimization



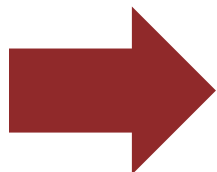
- Close the sale of Armstrong & Troy
- Complete Ohio JOU consolidation
- Finalize FERC market mitigation asset sales
- Evaluate other asset options

Capital Allocation



- Repay/Refinance 2019 debt maturity
- Reduce leverage
- Retail growth

Support the Competitive Model



- Pursue accretive market designs in all markets
- Neutralize or eliminate out-of-market subsidies
- Allocate resources to regulatory efforts



TODAY'S IPP ENVIRONMENT

Market Pressures

- Low commodity pricing
- Mild weather conditions
- New build
- No/Limited demand growth

Reactions

- IPPs evaluating strategic opportunities
 - M&A
 - Going private
- Activism
- Reducing cost structures
- Portfolio optimization

Regulatory Pressures

- State policies impacting price formation
- States subsidizing high cost generation
- Renewable subsidies
- Environmental regulation

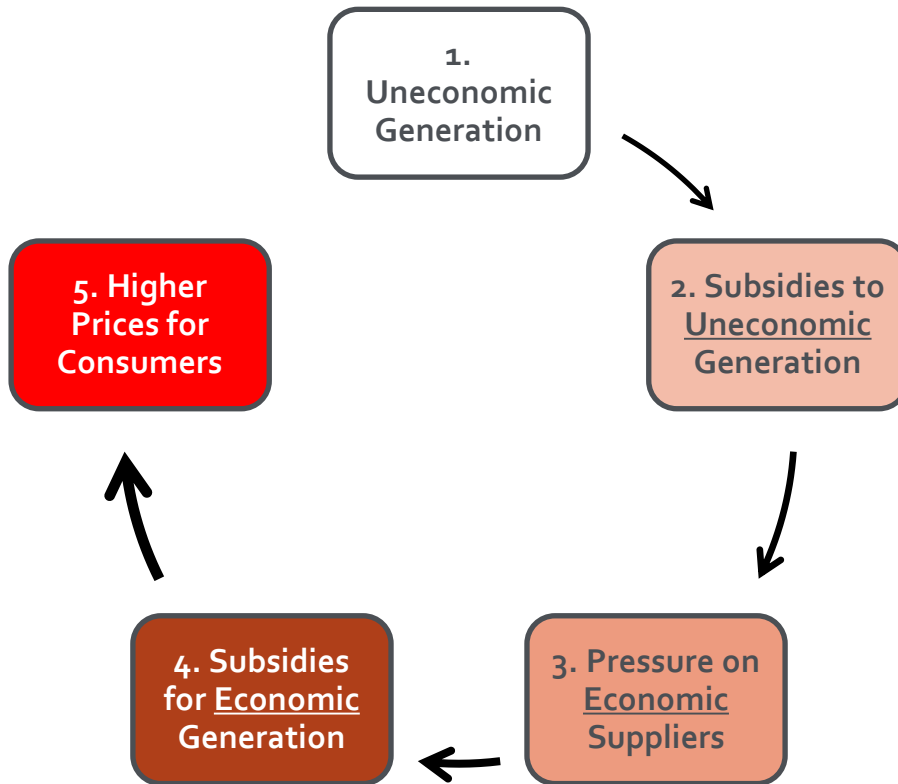
Reactions

- DOE baseload study
- EPA re-evaluating policies
- PJM proposal to offset state subsidy impacts
- FERC technical conference

IPPs built to compete on cost not for subsidies



SUBSIDY DEATH SPIRAL



- The market is providing reliability, newer efficient generation and renewables (at lowest cost)
- Utilities and uneconomic suppliers respond with ways to hide costs from consumers -- Non-bypassable charge is convenient regulated tool
 - This is a mechanism to extend life of utility-owned and uneconomic generation
 - Disadvantages more efficient existing generation and delays investment in more efficient generation
- Question – if a utility receives subsidies from local ratepayers, should the utility’s shareholders (typically out-of-state) receive dividends?
- Competitive market model can provide fair returns to investors if regulatory intervention is prohibited
 - Uneconomic generation retires
 - More efficient units can reliably meet supply while new technologies are built to meet future demand

Multiple means of “charging” consumers for power hides total costs



GREEN SHOOTS

**Approximately 50% of Dynegy's portfolio located in PJM:
the leader in market design**

Limited renewable penetration in PJM

**FERC and PJM acknowledge the negative impact of state
subsidies on competitive markets**

**PJM recently proposed market reforms should improve
integrity of price formation**

