

**DYNEGY INC.**  
**AMENDED AND RESTATED CORPORATE GOVERNANCE GUIDELINES**

**December 16, 2013**

The Board of Directors (the “Board”) of Dynegy Inc. (the “Company” or “Dynegy”) believes that one of its primary responsibilities is to provide effective governance over the Company’s affairs in an effort to promote the long-term successful performance of the Company. Upon recommendation of the Corporate Governance and Nominating Committee, the Board adopted these “Dynegy Inc. Corporate Governance Guidelines” to provide guidance in fulfilling such responsibilities. The fundamental premise of these guidelines shall be the independent nature of the Board and the overriding duty of the Board to the Company’s stockholders.

These guidelines are to be posted on Dynegy’s website in order to inform stockholders of the Board’s position on selected corporate governance issues. The Board, in consultation with the Corporate Governance and Nominating Committee, will periodically assess the appropriateness and effectiveness of these guidelines and amend these guidelines as and when appropriate. Compliance with these guidelines will be reviewed annually by the Corporate Governance and Nominating Committee in connection with the preparation of Dynegy’s proxy materials, and each director will confirm his or her compliance with these guidelines annually.

**1. Role of Board and Management.**

Dynegy’s business is conducted by its employees, managers and officers, under the direction of the chief executive officer (“CEO”) and the oversight of the Board, with the primary purpose of enhancing the long-term value of the Company for its stockholders. The Board is elected by the stockholders to oversee management and to assure that the long-term interests of the stockholders are being served. Both the Board and management recognize that the long-term interests of the stockholders are advanced by responsibly addressing the concerns of other stakeholders and interested parties including employees, customers, suppliers, banks and bondholders, communities, government bodies and the public at large.

**2. Functions of Board.**

The Board has at least four regularly scheduled meetings per year at which it reviews and discusses reports by management on the performance of the Company and its plans and prospects, as well as any immediate issues facing the Company. Directors are expected to attend scheduled Board meetings and all meetings of the committees of which they are members, as well as the annual stockholders meeting. Dynegy’s management will provide to the Board all Board and committee meeting materials a sufficient time in advance of such meetings so as to enable the Board to exercise its informed judgment. Furthermore, directors are expected to review all of such meeting materials to have the opportunity to reflect on the items to be considered at the meetings. The meeting materials, proceedings and deliberations of the Board and its committees shall be confidential. Directors shall maintain the confidentiality of information received in connection with their service. In addition to its general oversight of management, the Board also performs a number of specific functions, including the following:

- a. providing effective counsel and oversight on the selection, evaluation, development and compensation of Dynegey's "Executive Officers" (as defined under the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder);
- b. reviewing, approving and monitoring fundamental financial and business strategies, major corporate actions and any potential conflict-of-interest transactions between the Company and any directors or Executive Officers;
- c. assisting management in the development of long-term strategic plans;
- d. assessing any major risks facing the Company and reviewing options for their mitigation;
- e. reviewing and monitoring the Company's processes for maintaining the integrity of the Company, particularly its financial statements, compliance with laws and ethical business practices, and relationships with key stakeholders; and
- f. deciding matters of corporate governance.

### **3. Qualifications.**

The Company's Board believes that its members should possess the highest personal and professional ethics, integrity and values and be committed to representing the long-term interests of the Company's stockholders at large. They must also have an inquisitive and objective perspective, practical wisdom, mature judgment and sufficient personal resources such that any director compensation to be received from Dynegey would not be sufficiently meaningful to impact one's judgment in reviewing matters coming before the Board. Finally, they must be able to work compatibly with the other members of the Board and otherwise have the experience and skills necessary to enable them to serve as productive members of the Board.

Directors must be willing to devote sufficient time to carrying out their duties and responsibilities effectively and should be committed to serve on the Board for an extended period of time. Directors should offer their resignation in the event of any significant change in their personal circumstances, including a change in their principal job responsibilities, that could reasonably be expected to diminish their ability to effectively serve on the Board. The remaining directors may accept or reject such resignation, consistent with their duties to the Company and its stockholders.

Directors may serve on the boards of other public companies unless the Board determines that doing so would impair the director's service on the Dynegey Board. In addition, no director may serve on the Audit Committee if such director simultaneously serves on the audit committee of three or more public companies unless the Board first determines that such simultaneous service does not impair the member's ability to effectively serve on the Audit Committee and discloses such determination in a proxy statement (or Form 10-K if the Company does not file a proxy statement).

The Board does not believe it should establish term limits or a mandatory retirement age, nor does it believe that directors should expect to be re-nominated annually. While term limits and a mandatory retirement age could help insure that there are fresh ideas and viewpoints available to the Board, they hold the disadvantage of losing the contribution of directors who have been able to develop, over a period of time, increasing insight into the Company and its operations and, therefore, provide an increasing contribution to the Board as a whole. As an alternative to term limits and a mandatory retirement age, the Corporate Governance and Nominating Committee will review each director's contribution to the Board as a regular part of the nominating process. Upon recommendation of the Corporate Governance and Nominating Committee, the Board will periodically review this policy to assess whether it continues to serve the best interests of the Company and its stockholders. The Board's self-evaluation process, which is described below in section 11, will provide useful insights.

#### **4. Independence of Directors.**

Although the rules of the New York Stock Exchange (the "NYSE") require that a majority of the directors meet the criteria for independence, Dynegy has self-imposed a requirement that at least 75% of its directors satisfy such independence criteria. The Board believes that directors who do not meet the NYSE's independence standards can also make valuable contributions to the Board and to the Company by reason of their skills, experience and wisdom.

To be considered independent under the NYSE rules, the Board must affirmatively determine that a director does not have any direct or indirect material relationship with Dynegy. For purposes of determining whether any such material relationship exists and, accordingly, whether a particular director is independent, the Board will follow the applicable guidelines established by the NYSE, as such guidelines may be amended from time to time. A director must notify the Chairman of the Board promptly of any change in circumstances that may put his or her independence at issue.

The Company will not make any personal loans or extensions of credit to directors or Executive Officers (as defined above) to the extent prohibited by Section 402 of the Sarbanes-Oxley Act of 2002. No non-employee director or immediate family member of any director may provide personal services for compensation to the Company, except in connection with the performance of their Board duties as defined herein or otherwise in an interim capacity as approved by the Board.

#### **5. Size of Board and Selection Process.**

The number of directors of the Company shall be determined by the Board in accordance with Dynegy's Amended and Restated Certificate of Incorporation. The directors are nominated by the Board, upon the recommendation of the Corporate Governance and Nominating Committee, or by stockholders pursuant to Dynegy's Amended and Restated Bylaws.

The directors are elected each year by the stockholders at the annual meeting of stockholders. Stockholders may propose director nominees for consideration by the Corporate Governance and Nominating Committee by submitting the names and supporting information to

the following address in accordance with the advance notice procedures set forth in Dynegey's Amended and Restated Bylaws: Secretary, Dynegey Inc., 601 Travis, Suite 1400, Houston, TX 77002. The Secretary shall provide such names and supporting information to the Chairman of the Corporate Governance and Nominating Committee as soon as practicable following receipt thereof. The Board, on the basis of the Corporate Governance and Nominating Committee's recommendation, proposes a slate of director nominees to the common stockholders for election to the Board. The Board also determines the number of directors on the Board in accordance with Dynegey's Amended and Restated Certificate of Incorporation. Between annual stockholder meetings, the Board may elect directors to fill vacant board seats in accordance with Dynegey's Amended and Restated Certificate of Incorporation, such directors to serve until the next annual meeting of stockholders.

## **6. Voting for Directors.**

In a contested director election, plurality voting rules under Delaware law and Dynegey's Amended and Restated Certificate of Incorporation shall apply. In an uncontested director election, any nominee for director who receives a greater number of votes "withheld" from his or her election than votes "for" such election (a "Majority Withheld Vote") shall, promptly following certification of the stockholder vote, offer his or her resignation to the Board for consideration in accordance with the following procedures, all of which shall be completed within 90 days following certification of the stockholder vote.

The Corporate Governance and Nominating Committee shall evaluate the resignation offer and, in considering what is in the best interests of the Company and its stockholders, shall recommend to the Board the action to be taken with respect to such offered resignation. In reaching its recommendation, the Corporate Governance and Nominating Committee may consider any factor it deems relevant.

The Board will determine whether to accept or reject the resignation offer(s) after considering the Corporate Governance and Nominating Committee's recommendation and, in doing so, may consider any and all factors it deems relevant.

Thereafter, the Board will promptly disclose its decision-making process and decision regarding whether to accept the director's resignation offer (or the reason(s) for rejecting the resignation offer, if applicable) in a document furnished to or filed with the Securities and Exchange Commission.

Any director who tenders his or her resignation pursuant to this provision shall not participate in the Corporate Governance and Nominating Committee recommendation or Board action regarding whether to accept the resignation offer. The Corporate Governance and Nominating Committee and the Board may afford the resigning director an opportunity to provide the Corporate Governance and Nominating Committee or the Board with any information or statement that he or she deems relevant.

However, if all members of the Corporate Governance and Nominating Committee received a Majority Withheld Vote at the same election, then the independent directors who did

not receive a Majority Withheld Vote shall appoint a committee amongst themselves to consider the resignation offers and recommend to the Board whether to accept them.

However, if all directors receive a Majority Withheld Vote in the same election, all directors may participate in the action regarding whether to accept the resignation offers.

## **7. Separation of Chairman and Chief Executive Officer Positions.**

The Board believes the position of Chairman should be held by a non-management director and not by the CEO. Upon recommendation of the Corporate Governance and Nominating Committee, the Board may review this policy from time to time to assess whether it continues to serve the best interests of the Company and its stockholders.

## **8. Chairman**

The Chairman shall be chosen from among the non-management directors and may vote at any meeting of the Board on any matter called to a vote, subject to the legal, fiduciary and governance requirements applicable to all members of the Board. The duties and responsibilities of the Chairman shall be those established from time to time by the Board or the Corporate Governance and Nominating Committee, but will generally include the following: (a) presiding over Board meetings after developing an agenda with input from directors and the CEO; (b) working with the CEO to ensure directors receive timely, accurate, and complete information to enable sound decision making, effective monitoring and advice; (c) encouraging active engagement of all directors; (d) directing discussions toward a consensus view and summarizing discussions for a complete understanding of what has been agreed; (e) encouraging the Board's involvement in strategic planning and monitoring the CEO's implementation; (f) coordinating, monitoring and maintaining a record of all meetings of independent directors and discussing Board executive session results with the CEO; (g) promoting effective relationships and open communication between the independent directors and the management team; (h) consulting with other directors to develop committee assignments; (i) coordinating, together with the Compensation and Human Resources Committee, the formal evaluation of the CEO on an annual basis; (j) presiding over annual stockholder meetings; (k) identifying matters specifically reserved for the decision of the Board; (l) ensuring, together with the Finance and Risk Management Committee, the Board sets appropriate levels of authority for management; (m) coordinating, together with the Corporate Governance and Nominating Committee, a process for the annual evaluation of the Board, its members and its committees; and (n) reviewing management's investor relations strategy and participating, where appropriate, in its implementation.

## **9. Board Committees.**

As required by applicable listing standards of the NYSE, as amended, the Board has established and shall maintain the following committees to assist the Board in discharging its responsibilities: (i) Audit; (ii) Corporate Governance and Nominating; and (iii) Compensation and Human Resources. The Board has also established a Finance and Commercial Oversight Committee and may establish and/or disband other standing or ad hoc committees in its discretion pursuant to Dynegy's Amended and Restated Bylaws. The charters of all standing

committees are to be published on the Dynegy website in accordance with applicable rules and regulations. The charters of all standing committees will comply with required listing standards and all laws applicable to such committees. The committees occasionally hold meetings in conjunction with the full Board. All Board members may attend meetings of any Committee. The committee chairs shall formally report to the full Board following each meeting of the respective committees. Except as required by law or formally delegated to a particular committee, either in its committee charter or otherwise, actionable matters that arise at the committee level shall be acted upon by the full Board after considering the Committee's recommendation. The Board favors a policy of periodic committee member and committee chair rotation based on its assessment of the Board members' skills and experiences, the importance of maintaining continuity, the perceived value of a fresh perspective and such other factors as the Board may deem relevant at the time.

#### **10. Independence of Committee Members.**

The Audit Committee shall comply with the independence and experience requirements of the NYSE and the Securities and Exchange Commission. The Compensation and Human Resources Committee and the Corporate Governance and Nominating Committee shall comply with the rules regarding independence set forth by the NYSE.

#### **11. Self-Evaluation.**

The Board and each of the committees will perform an annual self-evaluation. Each year, the directors will be requested to provide their assessments of the effectiveness of the Board and the committees on which they serve. The individual assessments will be reviewed, organized and summarized by the Corporate Governance and Nominating Committee for discussion with the Board and the committees at the following regularly scheduled Board meeting. The Corporate Governance and Nominating Committee will also review the committee charters at least annually, as well as the performance of each such committee, and recommend any proposed changes to the appropriate committee chairperson.

#### **12. Setting Board Agenda.**

The Board shall be responsible for its agenda. Similarly, each committee chairperson will be responsible for his or her committee's agenda. Prior to each Board or committee meeting, the Chairman of the Board or the committee chairperson, as appropriate, and the CEO or other appropriate members of Dynegy management will discuss the other specific agenda items for the meeting. The Chairman of the Board or the appropriate committee chair, as the case may be, in consultation with the CEO or other appropriate members of Dynegy management, shall determine the nature and extent of information that shall be provided regularly to the directors before each scheduled Board or committee meeting. Directors are encouraged to make suggestions for agenda items, or additional pre-meeting materials, to the Chairman of the Board or the appropriate committee chair at any time.

#### **13. Ethics and Conflicts of Interest.**

Dynegy's Chief Compliance Officer shall report to the CEO and the chair of the Audit Committee, with responsibility to oversee and administer the Code of Business Conduct and

Ethics, to foster a culture that integrates ethics and compliance into business processes and practices through awareness and training, and to maintain and monitor a system for reporting, monitoring and investigating potential ethics and compliance concerns.

The Board (or the appropriate committee thereof) will review at least annually the Company's Code of Business Conduct and Ethics. The Board expects Dynegey's directors, as well as its officers and employees, to act ethically at all times, to participate in training regarding the policies set forth in the Company's Code of Business Conduct and Ethics, and to acknowledge their adherence to the policies set forth in the Company's Code of Business Conduct and Ethics. No waiver of the Company's Code of Business Conduct and Ethics will be granted for any director or Executive Officer (as defined above), unless approved by the Board. If an actual or potential conflict of interest arises for a director, the director shall promptly inform the CEO and the Chairman of the Board. If a significant conflict exists and cannot be resolved, the director should resign. All directors will recuse themselves from any discussion or decision affecting their personal, business or professional interests. The Board shall resolve any conflict of interest question involving the CEO, any other Executive Officer (as defined above) or any director of the Company, and the CEO shall resolve any conflict of interest issue involving any other officer of the Company.

#### **14. Compensation of Board; Equity Ownership.**

The Corporate Governance and Nominating Committee shall have the responsibility for recommending to the Board compensation and benefits for non-employee directors. In discharging this duty, the committee shall be guided by three goals: compensation should fairly pay directors for work commensurate with that required in a company within Dynegey's peer group; compensation should align directors' interests with the long-term interests of stockholders; and the structure of the compensation should be simple, transparent and easy for stockholders to understand. The Corporate Governance and Nominating Committee shall review non-employee director compensation and benefits on an annual basis. The Corporate Governance and Nominating Committee may, at the Company's expense, retain an independent compensation consultant to assist in this review. This annual review shall include consideration of (a) the form and amount of director compensation, and (b) the pertinent provisions of these guidelines. It is the Company's belief that each director should be reimbursed by the Company for all reasonable expenses incurred in connection with actions taken to satisfy his or her service on the Board.

Since a significant ownership stake leads to a stronger alignment of interests between directors and stockholders, each non-employee director is expected to own a meaningful amount of Dynegey stock in light of the director's individual means. It is expected that within three years of joining the Board, a non-employee director shall own at least the number of shares equivalent to three times their annual cash retainer. For purposes of this guideline, (a) each share of common stock owned on any date (a "measuring date") by a director shall be deemed to have a value equal to the greater of (i) the trading price of a share of the Company's common stock as of the date the applicable share was granted to the director or (ii) the trading price of a share of the Company's common stock as of the measuring date and (b) shares owned outright, phantom stock units, shares of restricted stock and shares subject to deferred compensation shall be counted as shares of common stock owned by the director (with the value thereof determined in

accordance with clause (a) above). The Corporate Governance and Nominating Committee will monitor compliance with this requirement, with respect to which exceptions may only be made under compelling mitigating circumstances.

**15. Succession Plans.**

The Board shall periodically review development and executive succession plans for the CEO and Executive Officers (as defined above).

**16. Compensation Review.**

Consistent with the provisions of the Compensation and Human Resources Committee charter, in the event of a material restatement of the Company's financial results, the Compensation and Human Resources Committee shall (i) review all bonuses and other incentive and equity compensation awarded to the Company's Executive Officers (as defined above) on the basis of having achieved specified performance targets during the period for which such financial results are or will be restated and (ii) take appropriate action, as determined by the Compensation and Human Resources Committee, with respect to any such bonuses or other incentive or equity compensation awards to the extent such specified performance targets were not achieved in light of the restatement.

**17. Access to Company Management.**

Non-employee directors shall have full and free access to Dynegy management and are encouraged to contact managers of the Company without Dynegy Executive Officers (as defined above) present. To facilitate such contact, non-employee directors are encouraged to make periodic visits to a Dynegy business facility, which visits may include any new director orientation session that may be attended pursuant to section 19 below.

**18. Access to Independent Advisors.**

The Board and each committee thereof shall have the right at any time to retain independent outside financial, legal or other advisors. The Company shall provide appropriate funding, as determined by the Board or the applicable committee, for the payment of compensation to any such advisors.

**19. Director Orientation and Education.**

The Corporate Governance and Nominating Committee shall be responsible for providing an orientation for new directors and for periodically providing materials or briefing sessions for all directors, as well as information regarding outside education opportunities, on subjects that would assist them in discharging their duties. With respect to new director orientation, each new director shall, within six months of election to the Board, spend a day at corporate headquarters (or such other location as may be approved) for personal briefing by management on the Company's operations and strategic plans, its financial statements and its key policies and practices.

## **20. Equity-Based Compensation Practices.**

The Compensation and Human Resources Committee has been delegated the authority to administer the Company's equity-based compensation plans and to approve the compensation of the Company's non-CEO Executive Officers (as defined above). The Compensation and Human Resources Committee shall recommend the compensation of the Company's CEO to the other independent directors for consideration and approval. In carrying out its duties, the Compensation and Human Resources Committee may from time to time authorize the granting of stock options or other equity-based awards to Dynegy's directors, consultants or employees. All such awards shall be granted in accordance with (i) this section 20, (ii) applicable rules and regulations, (iii) the terms and conditions of the Company's equity-based compensation plans, as applicable, and (iv) the terms and conditions of the Compensation and Human Resources Committee charter, as it may be amended from time to time. As a matter of policy, stock options and other equity-based awards generally are granted by the Compensation and Human Resources Committee in conjunction with the Company's annual compensation cycle. All such award grants shall be made at a scheduled meeting of the Compensation and Human Resources Committee, and the exercise price of any stock option grants shall be the closing price of Dynegy's common stock on the date of said meeting (which shall also constitute the grant date). These and the other terms of any stock option or other equity-based award grants shall be documented in the form of one or more award agreements approved by the Compensation and Human Resources Committee on or before the grant date.

From time to time, the Compensation and Human Resources Committee may determine that it is desirable or appropriate to grant stock options or other equity-based awards to an individual under special circumstances such as such individual's employment or promotion by or commencement of service with the Company. Any such stock option or other equity-based award grants must be approved by the Compensation and Human Resources Committee at a meeting, which meeting may be telephonic. The exercise price of any such stock option grants shall be the closing price of Dynegy's common stock on the date of said meeting, which date shall also constitute the grant date.

## **21. Policy on Pledging Company Securities.**

Directors and Section 16 officers (as defined by the SEC Rule 16a-1(f) promulgated under the Securities Exchange Act of 1934 (the "Exchange Act")) are to refrain from entering into any arrangement that involves holding Company securities in a margin account or a pledge of Company securities, unless the transaction is approved in advance by the General Counsel of the Company. Furthermore, directors and executive officers are expressly prohibited from holding Company securities in a margin account or otherwise entering into any pledge arrangement that, in either case, would permit a third party to sell the Company securities without director or executive officer's consent or knowledge.

## **22. Policy of Hedging Company Securities**

Directors and Section 16 officers (as defined by the SEC Rule 16a-1(f) promulgated under the Exchange Act) are expressly prohibited from engaging in any transaction (such as a

prepaid forward contract, put, call, option, equity swaps, collars or other derivative security) with respect to Company securities held by them to hedge or offset any decrease in the market value of such Company securities.

**23. Board Interaction with Investors and Press.**

The Board believes that it is important the Company speaks with a single voice, and that generally it is the responsibility of management to speak for the Company in communications with outside parties, e.g., investors, the press, and industry associations. A director acting solely in his or her capacity as a director should only engage in such communications at the request of management.