

DYNEGY INC /IL/

Form 4

March 17, 2006

FORM 4**UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

Check this box
if no longer
subject to
Section 16.
Form 4 or
Form 5
obligations
may continue.
See Instruction
1(b).

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

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

OMB APPROVAL

OMB
Number: 3235-0287
Expires: January 31,
2005
Estimated average
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(Print or Type Responses)

1. Name and Address of Reporting Person *
Stone Carolyn J

(Last) (First) (Middle)

1000 LOUISIANA, SUITE 5800

(Street)

HOUSTON, TX 77002

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading
Symbol
DYNEGY INC /IL/ [DYN]

3. Date of Earliest Transaction
(Month/Day/Year)
03/16/2006

4. If Amendment, Date Original
Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to
Issuer

(Check all applicable)

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

Senior VP and Controller

6. Individual or Joint/Group Filing(Check
Applicable Line)
____X____ Form filed by One Reporting Person
____ Form filed by More than One Reporting
Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
Class A Common Stock	03/16/2006 ⁽¹⁾		A ⁽²⁾	8,197 A \$ 0	13,695 ⁽³⁾	D	
Class A Common Stock					7,990	I	By 401(k) Plan ⁽⁴⁾

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

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information contained in this form are not
required to respond unless the form
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SEC 1474
(9-02)

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

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Underlying Securities (Instr. 3 and 4)			
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Employee Stock Option (Right to Buy)	\$ 4.88	03/16/2006 ⁽¹⁾		A		45,978		⁽⁵⁾	03/16/2016	Class A Common Stock	45,978

Reporting Owners

Reporting Owner Name / Address	Relationships
	Director 10% Owner Officer Other
Stone Carolyn J 1000 LOUISIANA SUITE 5800 HOUSTON, TX 77002	Senior VP and Controller

Signatures

By: /s/ Carolyn M. Campbell,
Attorney-in-Fact

03/17/2006

__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) The grants of the options and restricted stock were approved by a committee of the Issuer's board of directors on March 16, 2006.

(2) Restricted Stock grant pursuant to Rule 16b-3(d). The stock vests in full on March 16, 2009.

(3) Includes 1,953 and 3,545 shares of restricted Class A common stock which vest in full on February 10, 2007 and January 19, 2008, respectively.

(4) Rounded. Reflects shares held for the Reporting Person's account by the Trustee of the Dynegy Inc. 401(k) savings plan as of March 16, 2006.

(5) Option grant pursuant to Rule 16b-3(d). The option becomes exercisable in three equal annual installments beginning March 16, 2007.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure.

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