IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

In re:	§	Case No. 16-36326 (MI)
ILLINOIS POWER GENERATING COMPANY,	§	Chapter 11
Debtor.[1]	§	

DECLARATION OF JEFF HUNTER, CHIEF RESTRUCTURING OFFICER OF THE DEBTOR, IN SUPPORT OF THE CHAPTER 11 PETITION AND FIRST DAY PLEADINGS

I, Jeff Hunter, hereby declare under penalty of perjury:

1. I am the Chief Restructuring Officer of Illinois Power Generating Company ("**Genco**"), the above-captioned debtor and debtor in possession (the "**Debtor**"). I have served as Chief Restructuring Officer of Genco since November 2016. Prior to serving as Chief Restructuring Officer of Genco, since June 2016, as President of Waterloo Capital Management, Inc. ("**Waterloo**"), I served as strategic advisor to Genco's financial advisor, Ducera Partners, LLC ("**Ducera**").

2. I have served and continue to serve as a director of a number of companies in the energy industry, including Vistra Energy Corp. (October 2016 – present), Texas Transmission Holdings Corporation (2015 – present), MACH Gen LLC (2013 – 2015), and US Power Generating Company (2013). I have over 25 years of experience in the global energy sector, specializing in finance, acquisitions, investments, operations, and restructuring and advisory services, with a primary emphasis on the electric power generation market, the market in which

[1] The Debtor in this Chapter 11 case is Illinois Power Generating Company and the last four digits of its federal tax identification number are 5586. The location of the Debtor's corporate headquarters and the Debtor's service address is: 601 Travis Street, Suite 1400, Houston, Texas 77002.

the Debtor operates.

3. As Genco's Chief Restructuring Officer, my duties include, or have included, among other things: (i) assisting in the review, presentation, and analysis of Genco's cash flow, operating, and financial budgets; (ii) assisting Genco's board of directors and management team in the development of a business plan; (iii) assisting Genco's professionals in preparing for a bankruptcy filing; and (iv) providing assistance in the analysis and/or development of projections for Genco. Accordingly, I am familiar with Genco's day-to-day operations, business and financial affairs, and books and records.

4. Concurrently with the filing of this declaration (the "**Declaration**") on the date hereof (the "**Petition Date**"), Genco has filed in this Court (the "**Bankruptcy Court**") a voluntary petition for relief under Chapter 11 of Title 11 of the United States Code, 11 U.S.C. §§ 101 *et seq.* (as amended and modified, the "**Bankruptcy Code**"). Genco is also filing concurrently with this Declaration the *Prepackaged Chapter 11 Plan of Reorganization of Illinois Power Generating Company* (as may be amended, modified, or supplemented from time to time, the "**Plan**"),[2] as well as a disclosure statement for the Plan, the *Offering Memorandum and Indenture Consent Solicitation Statement and Disclosure Statement Soliciting Acceptances of a Prepackaged Plan of Reorganization* (as may be amended, modified, or supplemented from time to time, the "**Disclosure Statement**").[3] This Chapter 11 case (the "**Chapter 11 Case**") is being commenced following the prepetition solicitation of the Plan. As described below, 96.9% in amount and 82.9% in number of votes in the only impaired class under the Plan voted to accept the Plan, and the Plan provides that all non-voting classes, including general unsecured

[2] All capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Plan.

[3] A copy of the Disclosure Statement (with a copy of the Plan annexed as Exhibit A thereto) has been filed contemporaneously with this Declaration.

creditors, are to be paid in full or otherwise rendered unimpaired.

5. I submit this Declaration to assist the Bankruptcy Court and parties in interest in understanding the circumstances that compelled the commencement of this Chapter 11 Case and in support of (i) the petition for relief under Chapter 11 of the Bankruptcy Code; and (ii) the emergency relief that the Debtor has requested from the Bankruptcy Court pursuant to the motions and applications described herein (collectively, the "**First Day Motions**").

6. Except as otherwise indicated, all facts set forth in this Declaration are based upon my personal knowledge, my discussions with other members of the Debtor's management team and advisors (including legal counsel), my review of relevant documents and information concerning the Debtor's operations, financial affairs, and restructuring initiatives, or my opinions based upon my experience and knowledge. If called as a witness, I could and would testify competently to the facts set forth in this Declaration. I am over the age of 18 and authorized to submit this Declaration on behalf of the Debtor.

7. As described below, the Debtor seeks by the First Day Motions to, among other things, (i) ensure the continuation of its business operations and cash management system without interruption, (ii) preserve valuable relationships with trade vendors and other creditors whose claims are not expected to be impaired by the Chapter 11 Case, and (iii) schedule a combined hearing for the Bankruptcy Court to consider the adequacy of the Disclosure Statement, approval of Genco's prepetition solicitation procedures, and confirmation of the Plan. I am familiar with the contents of each of the First Day Motions, and I believe the Debtor would suffer immediate and irreparable harm absent the ability to continue its business operations as sought in the First Day Motions. In my opinion, approval of the relief sought in the First Day Motions will be critical to the Debtor's efforts to reorganize through this Chapter 11 Case

efficiently and with minimized disruptions to its business operations, thereby permitting the Debtor to preserve and maximize value for the benefit of all of its stakeholders and successfully emerge from Chapter 11 as a more competitively-positioned going concern.

8. Part I of this Declaration provides an overview of the Debtor's bankruptcy filing. Part II provides an overview of the businesses, organizational structure, and capital structure of the Debtor. Part III provides an overview of the circumstances leading to the commencement of the Chapter 11 Case, and Part IV summarizes the First Day Motions and the bases for the relief sought therein.

I. Overview

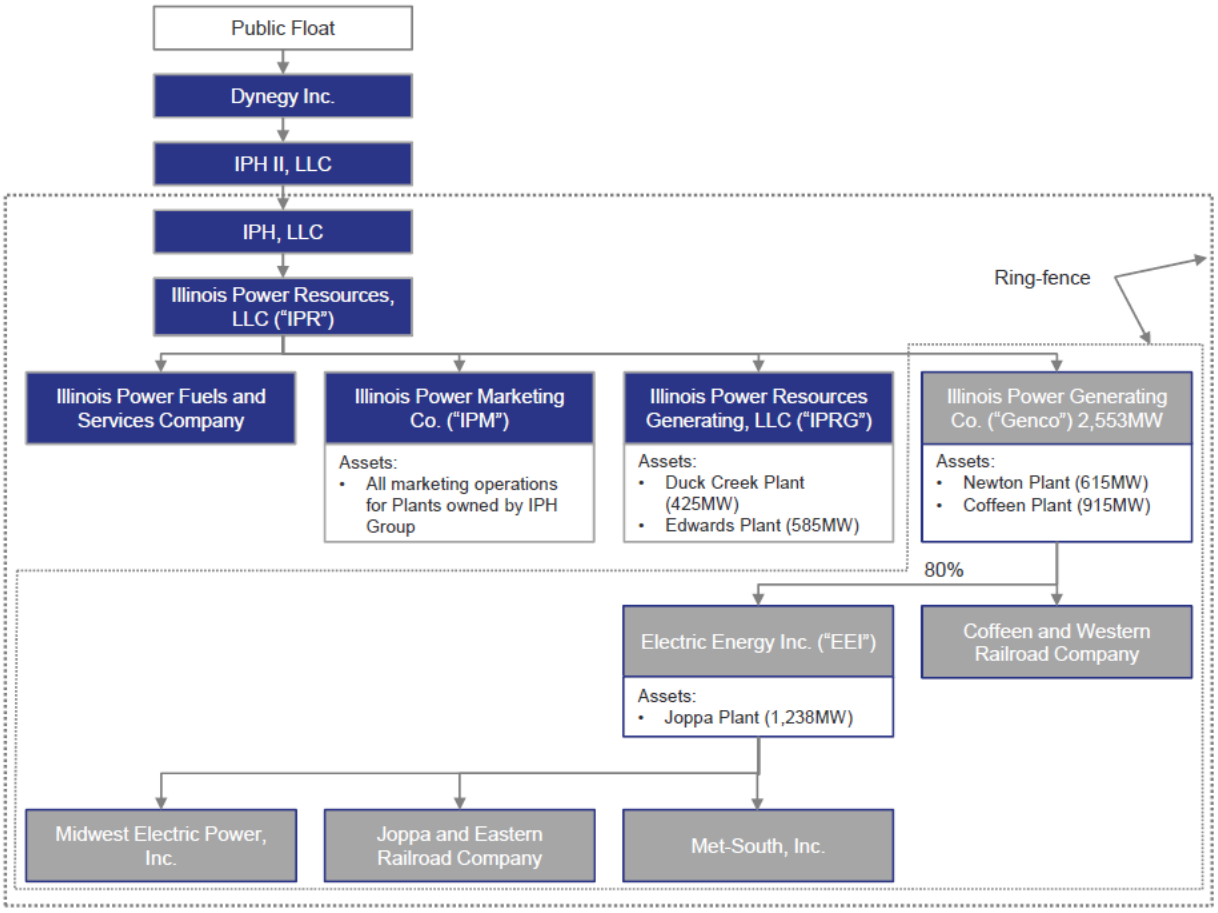
9. The Debtor has filed the Chapter 11 Case to implement a consensual restructuring of its senior unsecured note debt. Through prepetition negotiations, the Debtor reached an agreement with holders of approximately 72% of the outstanding principal amount of the Debtor's senior unsecured notes (the "**Supporting Noteholders**"), including those members of an ad hoc group of noteholders which collectively hold approximately 64% of the outstanding principal amount of the Debtor's senior unsecured notes (the "**Ad Hoc Group of Noteholders**"), as well as the Debtor's ultimate parent company, Dynegy Inc. ("**Dynegy**"). The successful implementation of this agreement, documented in the Restructuring Support Agreement, dated as of October 14, 2016, a copy of which is attached hereto as Exhibit B (the "**Support Agreement**"), will enable the Debtor to shed its burdensome debt while keeping its operations intact, and paying all of its creditors, other than noteholders, in full, or otherwise leaving them unimpaired.

II. Background

A. The Debtor's Corporate Structure and History

10. Genco owns and operates a merchant electricity generation business in Illinois. Genco was incorporated in Illinois in March 2000 and is headquartered in Houston, Texas. Genco is an indirect, wholly-owned subsidiary of IPH, LLC ("**IPH**"), which is an indirect wholly-owned subsidiary of Dynegy.

11. On December 2, 2013, IPH acquired assets, including Genco (formerly known as Ameren Energy Generating Company ("**AEGC**")) and several of its affiliates, from Ameren Corporation pursuant to a transaction agreement (the "**Ameren Transaction**"). In connection with the Ameren Transaction, two "ring-fences" were established to maintain corporate separateness between groups of legal entities. IPH and its subsidiaries, including Genco (collectively, the "**IPH Group**"), were ring-fenced to maintain corporate separateness from Dynegy, and Genco and its subsidiaries (collectively, the "**Genco Group**") were ring-fenced to maintain corporate separateness from the rest of the IPH Group. The following organizational chart shows both ring-fences.

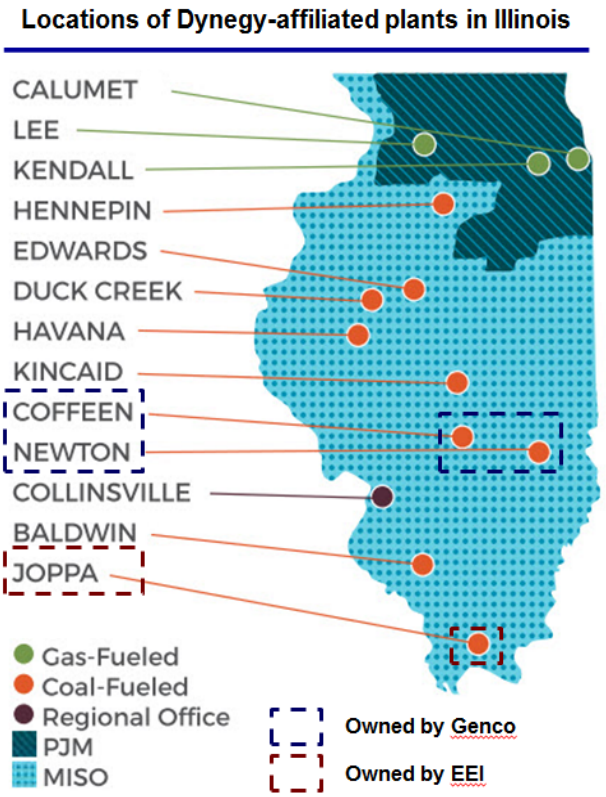


12. The Genco Group's ring-fence requires a special director and independent director on Genco's board of directors, and their consent is required for certain corporate actions, including material transactions with affiliates, and approval of a bankruptcy filing. The Genco Group maintains separate books, records, and bank accounts, and separately appoints officers. Moreover, the Genco Group pays liabilities from its own funds, conducts business in its own name, and has restrictions on pledges and mixing of liabilities and mechanisms to ensure all intercompany transactions are done on an arms' length basis. The IPH Group's ring-fence has similar requirements to the Genco Group's ring-fence but includes an independent manager who has approval rights regarding material intercompany agreements and transactions.

B. Overview of the Debtor's Business

1. Genco's Power Generation Facilities

13. Genco's fleet is comprised of two operating coal-fired power generation facilities located in Illinois with a total generating capacity of 1,530 MW, as well as three gas-powered combustion turbines with a generating capacity of 165 MW. Genco' coal-fired power generation facilities are located in Coffeen, IL (the "**Coffeen Plant**") and Newton, IL (the "**Newton Plant**"). Genco's combustion turbines are located at a plant in Joppa, IL (the "**Joppa Plant**") that is owned by Genco's 80% owned subsidiary Electric Energy Inc. ("**EEI**"), a non-debtor. The Coffeen Plant has a generating capacity of 915 MW and the Newton Plant has a generating capacity of 615 MW. In addition to the Genco-owned combustion turbines at the Joppa Plant, EEI owns and operates a coal-fired generation facility at the Joppa Plant with a generating capacity of 1,002 MW and EEI owns two additional gas-powered combustion turbines at the Joppa Plant with a generating capacity of 70 MW. The graphic to the right shows the location of the above-mentioned facilities along with other Dynegy-affiliated plants in Illinois.



14. Electricity generated by Genco at the Coffeen Plant and the Newton Plant is primarily sold through the Midcontinent Independent System Operator, Inc. ("**MISO**") market,

and a portion of the electricity generated by Genco is offered into the PJM Interconnection, LLC ("**PJM**") market. EEI operates merchant electric generation facilities in Illinois, including the Joppa Plant, and Federal Energy Regulatory Commission-regulated transmission facilities in Illinois and Kentucky. The EEI transmission system is directly connected to the transmission systems of MISO, the Tennessee Valley Authority ("**TVA**") and Louisville Gas and Electric Company ("**LGE**") and EEI has the ability to sell power and capacity into MISO, TVA and LGE.

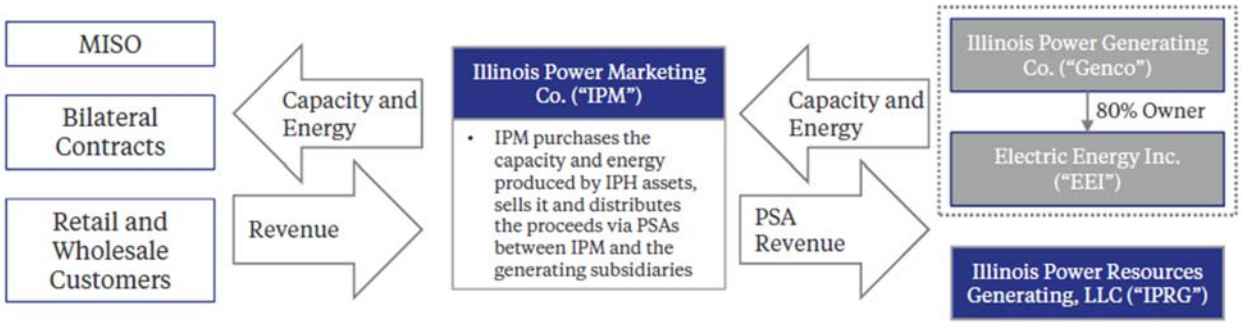
15. As of the Petition Date, Genco has approximately 217 employees on its payroll. Genco has entered into collective bargaining agreements with the two unions representing employees at its Coffeen Plant and its Newton Plant. Those agreements cover approximately 170 represented employees located in Illinois and expire between 2018 and 2020. Since being acquired by IPH through the Ameren Transaction, Genco has not experienced a labor stoppage or a labor dispute at any of its facilities. Genco's remaining employees are salaried employees.

2. Power Sold Through PSA With Affiliate IPM

16. Genco is party to a Power Supply Agreement ("**Genco PSA**") with its affiliate Illinois Power Marketing Company ("**IPM**"), a member of the IPH Group, whereby IPM purchases all of the capacity and energy available from Genco's generation fleet. IPM entered into a similar Power Supply Agreement (together with the Genco PSA, the "**PSAs**") with Illinois Power Resources Generating, LLC ("**IPRG**"), another member of the IPH Group. Genco and IPRG are not prepared to sell capacity or energy directly to buyers, and payments from IPM under the Genco PSA are Genco's only source of revenue. Under the PSAs, IPM revenues are allocated between Genco and IPRG based on (i) reimbursable expenses, including operating costs, depreciation, and, significantly for Genco, interest payments, and (ii) the power generated

by each entity, regardless of the price at which it is sold. Because Genco currently has significant interest costs on account of the Genco Notes (as defined below), and because IPRG's power typically sells at higher prices than Genco's due to the locations in which it is sold, the PSAs currently provide Genco with what is effectively a "subsidy" in that, compared with IPRG, the revenue that Genco receives under its PSA are disproportionately high considering the amount of energy Genco produces and the prices at which it is typically sold.

17. EEI also is party to a separate Power Supply Agreement with IPM, whereby IPM purchases all of the capacity and energy available from EEI's generation fleet. With limited exceptions, the price that IPM pays for capacity is the MISO Local Resources Zone 4 clearing price. IPM pays spot market prices for the associated energy. In addition, EEI will at times purchase energy from IPM to fulfill power supply obligations to a non-affiliated third party.



18. The PSAs continue through December 31, 2022 and from year to year thereafter unless either party elects to terminate by providing the other party with no less than six months' advanced written notice. Dynegy and IPM have posited that the PSAs can be terminated by IPM upon six months' notice at any time, but Genco believes that the proper reading of the relevant language in the PSAs is that they can only be terminated upon six months' notice on or after December 31, 2022. Dynegy and IPM have also posited that the Genco PSA is a "forward contract" and that Genco's bankruptcy filing would not affect IPM's ability to terminate the

Genco PSA in accordance with its terms.

19. Genco would likely incur significant costs if the Genco PSA were to be terminated. Genco would either be required to go through the three to six month process of preparing to transact in capacity and energy markets or to find an energy management partner to replace IPM to market Genco's energy and capacity. As a standalone operator, Genco's collateral requirements could also increase as IPM currently posts collateral for MISO and PJM that covers both Genco and IPRG.

3. Genco's Reliance on Dynegy for Support Services

20. Genco is a party to a services agreement (the "**Services Agreement**") with Dynegy and certain of its subsidiaries, including Dynegy Administrative Services Company and Dynegy Operating Company (together with Dynegy, the "**Provider Group**"), for the provision of certain support services covering effectively all overhead functions required to operate Genco's business. Such services include the maintenance of books, records and accounts, administration of finance and treasury matters, administration of tax and accounting services, internal audit, government approvals and proceedings, investor and public relations, strategic planning and business development, legal, compliance, and ethics matters, human resources, business services, contract administration, information technology, operation and maintenance support services, and insurance and risk management strategies.

21. In order to ensure fair treatment and prevent bias in operational decisions, Dynegy commissioned a study from Duff & Phelps, Corporation ("**D&P**") in January 2014 regarding the fairness of the cost allocation methodology in the Services Agreement between the IPH Group and Dynegy, and D&P concluded that that the allocation approach and methodology being used was reasonable and that cost plus 10% was a fair market price for the services

provided. Separately, IPH commissioned a study from ICF Consulting Group, Inc. ("**ICF**") in November 2013 regarding the commercial protocols to be used to allocate business opportunities between Dynegy and the IPH Group, and ICF concluded that the protocols were commercially reasonable.

22. Genco pays a monthly management fee to the Provider Group under the Services Agreement. The monthly fee is based on estimated costs plus 10% as set forth in an annual budget that is prepared each calendar year in accordance with a cost allocation methodology set forth in the Services Agreement and approved by Genco's board. Over the course of a calendar year, actual costs and expenses incurred by the Provider Group in connection with providing services to the recipients are attributed to the recipients, with "direct costs" shared by one or more entities to which those costs are directly attributed, and "residual costs" shared amongst all recipients. At the end of a calendar year, if the total monthly management fees paid by a recipient are less than the total amount of costs and expenses attributable to that recipient multiplied by 1.105, then the recipient will pay the Provider Group 50% of the difference as a "true up" payment. Likewise, if total monthly management fees paid by a recipient are more than the total amounts of costs and expenses attributable to that recipient, the Provider Group similarly reimburses the recipient 50% of the difference as a "refund" payment.

23. Effective December 30, 2015, Genco and the Provider Group amended the Services Agreement to provide that monthly management fee payments to the Provider Group may be deferred based on the liquidity of certain IPH subsidiaries as of the current month's end. Genco's average monthly management fee for 2016 is approximately $2.45 million. Genco's monthly fees from January 2016 through June 2016 were deferred, but an unseasonably warm summer in the Midwest led to increased liquidity for Genco, and as a result Genco resumed

making payments under the Services Agreement in July 2016. In addition to the deferred monthly fees, "true up" payments that Genco owes to the Provider Group for 2014 and 2015, totaling approximately $3.87 million, have also been deferred. All deferred payments, and associated interest accruing at 7.75% annually, are reflected as an affiliate payable. As of the Petition Date, Genco owes the Provider Group a total of approximately $12.7 million in deferred payments under the Services Agreement.

C. Summary of Prepetition Indebtedness

24. As of November 30, 2016, Genco's unaudited balance sheet reflected assets of approximately $450 million and liabilities of approximately $970 million. Genco's material long term debt obligations consist of three series of senior unsecured notes, with a total outstanding principal amount of $825 million (collectively, the "**Genco Notes**"):

(i) $300 million in outstanding principal amount of the 7.00% Senior Notes, Series H, due 2018 issued by Genco (f/k/a AEGC) under an indenture, dated as of November 1, 2000 (the "**Base Indenture**"), between Genco (f/k/a AEGC) and The Bank of New York, as trustee (the "**Indenture Trustee**"), as supplemented by the sixth supplemental indenture, dated as of July 7, 2008, between Genco (f/k/a AEGC) and the Indenture Trustee;

(ii) $250 million in outstanding principal amount of the 6.30% Senior Notes, Series I, due 2020 issued by Genco (f/k/a AEGC) under the Base Indenture, as supplemented by the seventh supplemental indenture, dated as of November 1, 2009, between Genco (f/k/a AEGC) and the Indenture Trustee; and

(iii) $275 million in outstanding principal amount of the 7.95% Senior Notes, Series F, due 2032 issued by Genco (f/k/a AEGC) under the Base Indenture, as supplemented by the fourth supplemental indenture, dated as of January 15, 2003, between Genco (f/k/a AEGC) and the Indenture Trustee.

25. Genco's obligations under the Genco Notes are not guaranteed by any of Genco's affiliates. Pursuant to the Ameren Transaction, Genco (f/k/a AEGC) retained its obligations under the Genco Notes, and such obligations were not assumed by Dynegy or any member of the IPH Group.

26. The Debtor does not have any long term secured debt. As of October 20, 2016, the Debtor had pledged approximately $14.5 million of collateral (approximately $6.5 million in cash and approximately $8 million in letters of credit) as assurance of payment to the Debtor's suppliers (approximately $10.4 million) or to comply with regulatory requirements relating to potential environmental obligations (approximately $4.1 million).

27. The Debtor has generally been paying obligations due and owing to its vendors, suppliers and other prepetition creditors as they come due in the ordinary course of business. As of the Petition Date, the total outstanding obligations due and owing to vendors, suppliers, and other general unsecured creditors (other than on account of the Genco Notes and amounts owed to the Provider Group) are approximately $23.1 million.

28. In addition, as noted above, Genco owes the Provider Group approximately $12.7 million as of the Petition Date under the Services Agreement. Through certain of the First Day Motions, Genco seeks the authority to make postpetition payments to the Provider Group in the ordinary course of business under the Services Agreement. However, Genco does not seek to make any payments to the Provider Group during this Chapter 11 Case on account of amounts owed as of the Petition Date.

29. The Debtor's cash on hand as of the Petition Date is approximately $52.6 million, not including $6.5 million of restricted cash. The Debtor believes that the cash available to it during the reorganization will provide sufficient liquidity to support its business operations during the restructuring process. The primary uses of cash have been to finance the operating business, service indebtedness, and fund capital expenditures. During this Chapter 11 Case, cash will only be needed to finance operations and restructuring costs. As such, the Debtor does not expect to seek approval of debtor in possession financing during this Chapter 11 Case.

III. Circumstances Leading to the Commencement of the Chapter 11 Case

A. Challenges Facing Genco's Business

30. The majority of Genco's generation capacity is sold in MISO Zone 4, and the MISO market is unfavorable to merchant generators given competition from regulated utilities that can offer capacity into the market at little to no cost. MISO's capacity auctions are significantly impacted by utilities in regions bordering Zone 4, offering capacity into the system at little to no cost. As a result of this additional capacity being bid into the market, the 2016-2017 MISO capacity auction resulted in a $72 MW-day clearing price, which was lower than Genco's approved offers. Market reform could improve Genco's future results; however, while MISO reform is currently being evaluated, a change to the market is not anticipated until the 2018-2019 planning year at the earliest.

31. In addition to the market challenges facing Genco, there are numerous regulatory and environmental constraints on Genco's business. The most costly of these are regulations governing sulfur dioxide (SO2) emissions, which will require either reduced operations or significant capital expenditure and increased operating costs to implement dry sorbent injection (DSI) technology to reduce SO2 emissions; rules for the safe disposal of coal combustion residuals (CCR), compliance with which creates significant present and future obligations for Genco; and compliance with Effluent Limitation Guidelines (ELG), which are standards for wastewater discharge designed to limit potential contamination of water sources.

32. As a result of these market and regulatory challenges, and interest payments on account of the Genco Notes totaling approximately $58.61 million annually, Genco's liquidity has been an ongoing concern since the Ameren Transaction. Moreover, with some of the Genco Notes set to mature in 2018, it became clear that a restructuring of the Genco Notes would be

necessary for Genco to remain competitive.

B. Restructuring Efforts Intensify

33. Recognizing the need for a solution to its liquidity concerns, Genco sought to find a solution that satisfied its largest stakeholders: the holders of the Genco Notes and Dynegy, Genco's indirect equity owner. In the first half of 2016, holders of the Genco Notes began to organize, ultimately leading to the formation of the Ad Hoc Group of Noteholders. Recognizing the benefits of negotiating with an organized group of noteholders, Genco agreed to pay the fees and expenses of the Ad Hoc Group of Noteholders' counsel, Willkie Farr & Gallagher LLP, pursuant to an engagement letter dated as of May 6, 2016, and financial advisor, Houlihan Lokey Capital, Inc. ("**HL**"), pursuant to an engagement letter dated as of June 1, 2016.[4]

34. To assist with a potential restructuring process, Genco sought to retain an outside financial advisor in order to evaluate strategic alternatives. On June 23, 2016, Genco's board of directors and members of Genco's management team interviewed three financial advisory firms and decided to retain Ducera pursuant to an engagement letter dated as of June 27, 2016. At the time, I was serving as strategic advisor to Ducera in my capacity as President of Waterloo, and I was compensated indirectly by Genco through Ducera's engagement letter with Genco. When Ducera was retained, Ducera and I advised Genco's board of directors that, if in the future the board decided to retain a chief restructuring officer, I would be willing to terminate Waterloo's arrangement with Ducera and serve as Genco's chief restructuring officer.

35. Additionally, recognizing the potential for a conflict of interest with Dynegy, its indirect owner, Genco decided to retain separate restructuring counsel to represent Genco in negotiations with Dynegy and the Ad Hoc Group of Noteholders. On August 30, 2016, Genco's

[4] The Debtor is filing a motion to assume HL's engagement letter contemporaneously with this Declaration.

board of directors and members of Genco's management team interviewed five law firms and decided to retain Latham & Watkins LLP as its restructuring counsel pursuant to an engagement letter dated as of September 20, 2016.[5]

36. Because there are no Genco officers or senior employees of Genco who are not also Dynegy employees, and because Genco wanted to avoid even the appearance that negotiations of a restructuring were not at arm's length, Genco's board, on the advice of counsel, determined that it was desirable for me to serve as Genco's chief restructuring officer. To facilitate the foregoing, Ducera's engagement letter was amended to reflect that Waterloo would no longer be strategic advisor to Ducera and Ducera's compensation under its engagement letter was reduced accordingly. With the assistance of my own personal counsel, I negotiated and executed an engagement letter directly with Genco under which I now serve, in my individual capacity, as Genco's chief restructuring officer. Genco's board of directors approved Ducera's amended engagement letter and my engagement letter with Genco on November 10, 2016.

37. With interest payments of $7.9 million and $10.5 million on account of the Genco Notes due on October 1, 2016, and October 15, 2016, respectively, Genco's liquidity issues and the need for a restructuring became a pressing concern during the third quarter of 2016, and negotiations among Genco, Dynegy, and the Ad Hoc Group of Noteholders intensified as the October interest payments drew nearer.

38. In evaluating potential alternatives, Genco sought a path with as few environmental and regulatory hurdles as possible, and with minimal disruption of Genco's relationships with its suppliers, vendors, and other market participants. Among the strategic alternatives considered by Genco were a forbearance agreement or waiver of defaults by the

[5] Genco subsequently decided to retain Andrews Kurth Kenyon LLP as co-counsel, located in Houston, Texas, pursuant to an engagement letter dated as of October 26, 2016.

holders of Genco Notes, a refinancing, a sale of discrete assets, a purchase of discrete assets, a sale of Genco as a going concern, a debt for debt exchange, a debt for debt exchange with Dynegy providing the new debt, and a debt for equity exchange with Dynegy providing the equity.

39. After evaluating these alternatives, and considering the operational synergies under the Services Agreement with the Provider Group, the significance of Genco's PSA with IPM, and the environmental permitting issues that could arise in any change of control or separation from the IPH Group, Genco, in connection with the Ad Hoc Group of Noteholders and Dynegy, agreed upon the framework for a restructuring that will reduce Genco's debt, allow Genco's operations to continue with minimal disruption, and provide holders of Genco Notes with substantial consideration.

C. Restructuring Support Agreement

40. On October 14, 2016, upon approval by Genco's board of directors, including the special director and independent director, Genco entered into the Support Agreement with Dynegy, certain affiliates of Genco and Dynegy, and the Ad Hoc Group of Noteholders. The Support Agreement provides for holders of Genco Notes to receive, in exchange for their Genco Notes, their pro rata share of (i) approximately $130 million in cash (subject to adjustment based on interest payments made prior to consummation of the restructuring), (ii) $210 million of new debt to be issued by Dynegy, and (iii) up to 10 million warrants to be issued by Dynegy. The Debtor estimates that this consideration amounts to approximately a 39% recovery for holders of Genco Notes, in addition to the interest payments received through December 2016.

41. The Support Agreement contemplated that the restructuring of Genco's Notes would be consummated either through an out of court exchange offer (the "**Exchange Offer**"),

conditioned on acceptance of the terms by holders of at least 97% in principal amount of the Genco Notes, or through a pre-packaged bankruptcy filing in the event that holders of a sufficient percentage of the Genco Notes did not agree to the terms of the Exchange Offer and tender their notes. The Support Agreement includes a term sheet for a plan of reorganization that provides for all classes of creditors, including general unsecured creditors other than the holders of Genco Notes, to be unimpaired. The term sheet also provides for Genco's equity interests, indirectly owned by Dynegy, to be reinstated.

42. Under the terms of the Support Agreement, the Supporting Noteholders have agreed, among others things, (a) to support and take all reasonable actions necessary to consummate the restructuring and the Plan in a timely manner, (b) to tender all of their Genco Notes in the Exchange Offer, and (c) to timely vote all of their claims to accept the Plan. The Support Agreement may be terminated, among other reasons, based upon the failure to satisfy certain requirements and milestones generally related to progress (or lack thereof) toward confirmation and consummation of the Plan. Specifically, each of Genco, Dynegy, and a majority of the Supporting Noteholders[6] may terminate the Support Agreement upon the occurrence and during the continuation of any of the following: (i) consummation of the Exchange Offer has not occurred, and the Chapter 11 Case has not commenced on or before December 20, 2016, (ii) confirmation of the Plan has not occurred on or before March 31, 2017, or (iii) consummation of the Plan has not occurred on or before April 30, 2017. Genco may also terminate the Support Agreement if, after commencement of the Chapter 11 Case, Genco's board of directors reasonably determines in good faith, based upon the advice of outside counsel, that continued performance under the Support Agreement would be inconsistent with the exercise of

[6] Under the terms of the Support Agreement, the majority of the Supporting Noteholders refers to "two unaffiliated Consenting Noteholders [as defined in the Support Agreement] who together hold, in the aggregate, at least 50.1% of the outstanding aggregate principal amount of Genco Notes held by all Consenting Noteholders."

the board's fiduciary duties to all stakeholders under applicable law.

43. The Support Agreement also provides for certain modifications to the Genco PSA and the Services Agreement with the Provider Group upon consummation of the restructuring as set forth in the Support Agreement, or in the event that the Support Agreement is terminated during the course of the Chapter 11 Case. If the Support Agreement is terminated during the Chapter 11 Case then Genco may seek to have the Chapter 11 Case dismissed and upon dismissal the parties would retain the same rights under the Genco PSA and Services Agreement that they had prior to the Chapter 11 Case, or if the Chapter 11 Case is not dismissed then both the Genco PSA and the Services Agreement would terminate automatically on April 30, 2018, unless otherwise agreed in writing by the parties thereto.

44. Upon consummation of the restructuring (i.e. upon consummation of the Plan), the Support Agreement provides that the Services Agreement will be amended to provide that the Provider Group may terminate the agreement for convenience with respect to one or more recipients of services, such as Genco, upon twelve months' notice. As required by the Support Agreement, upon emergence from bankruptcy, the Genco PSA will be amended to (i) provide that at any time during the term of the Genco PSA, either party may elect to terminate by providing the other party with no less than six months' advance written notice, and (ii) if requested by Dynegy and IPM, modify the calculation of the Energy Charge and the Capacity Payment (each as defined in the Genco PSA) to eliminate any subsidy from IPM or IPRG to Genco under the Genco PSA.

45. In addition, the Support Agreement provides that upon consummation of the Plan, Dynegy will provide Genco with an intercompany revolving working capital facility (the "**Working Capital Facility**"). The Working Capital Facility, a term sheet for which is attached

to the Plan as Exhibit C, will be secured by a first-priority security interest in substantially all of Genco's assets. The interest rate for borrowings under the Working Capital Facility will be 7% per annum, payable quarterly in arrears. The Working Capital Facility will consist of two tranches of revolving credit facilities: the proceeds of the Tranche A facility, for which Dynegy will commit up to $25 million, subject to certain adjustments, may be used to satisfy Genco's ordinary course working capital needs; and the proceeds of the Tranche B facility, for which Dynegy will commit up to $100 million, subject to certain adjustments, may be used to satisfy Genco's obligations to pay all or a portion of the cash distributions to be made under the Plan.

D. Solicitation of the Plan

46. The parties to the Support Agreement intended the prepetition solicitation of acceptances with respect to the Exchange Offer and the Plan, both of which contemplate the issuance of securities (notes and warrants to be issued by Dynegy), to be a "private placement," exempt from registration pursuant to Section 4(a)(2) and Regulation D of the Securities Act of 1933, 15 U.S.C. §§ 77a-77aa (as amended from time to time, the "**Securities Act**") and under state "Blue Sky" laws, or any similar rules, regulations, or statutes. I understand from my discussions with Genco's advisors that, in order to qualify for the applicable registration exemptions, only "accredited investors" as defined in rule 501 of the Securities Act could be solicited before a Chapter 11 filing with respect to the issuance of securities. As a result, Genco, in consultation with Dynegy and the Ad Hoc Group of Noteholders, determined that the Plan would provide for non-accredited investors to receive the cash equivalent of the securities they would otherwise receive on account of their Genco Notes.

47. On November 7, 2016, Dynegy began soliciting acceptances of the Exchange Offer from holders of Genco Notes that are accredited investors. Simultaneously, Genco began

soliciting votes on the Plan from all holders of Genco Notes. On November 7, 2016, Genco's voting agent, Epiq Bankruptcy Solutions, LLC ("**Epiq**"), transmitted copies of a solicitation package containing a cover letter from Genco, the Disclosure Statement, including the Plan and other exhibits thereto, and one or more ballots, as applicable, to The Depository Trust Company, and on November 8, 2016, Epiq sent the solicitation package to the brokers, dealers, commercial banks, trust companies, or other agents or nominees through which beneficial owners hold their Genco Notes, with instructions to forward the solicitation package to the beneficial holders of Genco Notes, determined as of the voting record date of October 28, 2016.[7]

48. Following the occurrence of the voting deadline on December 6, 2016, Epiq informed Genco that 96.9% in amount and 82.9% in number of votes timely submitted had voted to accept the Plan. I understand from my discussions with Genco's advisors that this level of acceptance is sufficient for the Plan to be approved by the Bankruptcy Court.

49. Contemporaneously herewith, the Debtor is filing a motion seeking entry of an order scheduling a combined hearing with respect to (i) approval of the Disclosure Statement, (ii) approval of the Debtor's prepetition solicitation of the Plan, and (iii) confirmation of the Plan, with the goal of emerging from this Chapter 11 Case as soon as practicable and, in any case, within the milestones contemplated by the Support Agreement.

E. A Lengthy Bankruptcy Case May Harm the Debtor's Business

50. The Debtor's future results will be dependent upon the successful confirmation and implementation of a plan of reorganization. A prolonged period of operating under the Bankruptcy Court's protection could have a material adverse effect on the Debtor's business, financial condition, results of operations, and liquidity, including, among other things:

[7] I understand from my discussions with Genco's advisors that holders of Genco Notes are the only class of creditors who are impaired under and therefore entitled to vote on the Plan, and that as a result the holders of Genco Notes are the only class of creditors whose votes were solicited with respect to the Plan.

- Senior management will be required to spend a significant amount of time and effort dealing with the reorganization instead of focusing exclusively on business operations;

- It may become more likely that vendors and suppliers will lose confidence in the Debtor's ability to reorganize its business successfully and will seek to establish alternative commercial relationships; and

- The Debtor will be required to incur substantial costs for professional fees and other expenses associated with the administration of the Chapter 11 Case.

51. Significantly, as noted above, the Debtor has not sought new postpetition financing based on its assessment that the $52.6 million cash on hand is sufficient to provide for its liquidity needs under a streamlined prepackaged Chapter 11 proceeding. If the Debtor is forced to seek debtor in possession financing, and the Debtor is unable to obtain final approval of such financing on favorable terms or at all, the chances of successfully reorganizing the Debtor's business may be seriously jeopardized. The likelihood that the Debtor will instead be required to liquidate or sell its assets may be increased, and, as a result, all creditor recoveries may be significantly impaired. Therefore, a prolonged stay in Chapter 11 would be harmful to the Debtor's reorganization and operational prospects.

IV. Relief Sought in the Debtor's First Day Motions

52. Contemporaneously herewith, the Debtor filed numerous First Day Motions in this Chapter 11 Case seeking orders granting various forms of relief intended to provide stability and facilitate the Debtor's continued operations and the efficient administration of the Chapter 11 Case, as well as ensuring the swift consummation of the Debtor's prepackaged Plan. The First Day Motions include:

I. Administrative Motions

A. Debtor's Emergency Motion for Entry of an Order (I) Scheduling Combined Hearing on (A) Adequacy of Disclosure Statement and (B) Confirmation of Plan; (II) Fixing Deadline to Object to Disclosure Statement and Prepackaged Plan; (III) Approving (A) Prepetition Solicitation Procedures, (B) Form and

Manner of Notice of Commencement, Combined Hearing, and Objection Deadline, and (C) Form of Eligibility Letter; (IV) Approving Procedures for Assumption of Contracts and Leases and Form and Manner of Cure Notice; (V) Conditionally (A) Directing the United States Trustee Not to Convene Section 341 Meeting of Creditors and (B) Waiving Requirement of Filing Statements of Financial Affairs and Schedules of Assets and Liabilities; and (VI) Granting Related Relief (the "**Solicitation Procedures Motion**") [Docket No. 6]

II. Operational Motions

B. Debtor's Emergency Motion for Entry of Interim and Final Orders Authorizing the Debtor to (I) Continue to Operate Its Cash Management System, (II) Continue Using Existing Checks and Business Forms, and (III) Continuing Certain Intercompany Arrangements (the "**Cash Management Motion**") [Docket No. 9]

C. Debtor's Emergency Motion for Entry of Order (I) Authorizing, but Not Directing, the Debtor to (A) Pay Prepetition Employee Obligations and (B) Continue Employee Benefit Plans and Programs Postpetition; (II) Authorizing the Debtor to Pay Withholding and Payroll-related Taxes and (III) Directing All Banks to Honor Prepetition Checks and Transfers for Payment of Employee Obligations (the "**Employee Wages Motion**") [Docket No. 8]

D. Debtor's Emergency Motion for Entry of Interim and Final Orders Authorizing the Payment of Prepetition Claims of Certain Creditors in the Ordinary Course of Business (the "**Prepetition Claims Motion**") [Docket No. 7]

E. Debtor's Emergency Motion for Entry of an Order Authorizing the Payment of Certain Prepetition and Postpetition Taxes and Fees (the "**Taxes and Fees Motion**") [Docket No. 11]

F. Debtor's Emergency Motion for Entry of Order (I) Approving the Debtor's Proposed Adequate Assurance of Payment for Future Utility Services, (II) Prohibiting Utility Companies From Altering, Refusing, or Discontinuing Services, and (III) Approving the Debtor's Proposed Procedures for Resolving Additional Assurance Requests (the "**Utilities Motion**") [Docket No. 10]

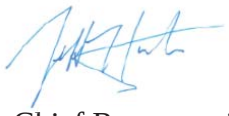
53. I have read and understand each of the First Day Motions and the relief requested therein. Based on my review, and to the best of my knowledge and belief, the factual statements contained in each of the First Day Motions are true and accurate and each such factual statement is incorporated herein by reference. I believe that the relief requested in the First Day Motions is

necessary, in the best interests of the Debtor's estate, its creditors, and all other parties in interest, and will allow the Debtor to operate with minimal disruption during the pendency of this Chapter 11 Case. Failure to grant the relief requested in any of the First Day Motions may result in immediate and irreparable harm to the Debtor, its business, and its estate. A description of the relief requested and the facts supporting each of the First Day Motions is attached hereto as Exhibit A. Accordingly, for the reasons set forth herein and in each respective First Day Motion, the Bankruptcy Court should grant the relief requested in each of the First Day Motions.

[*The remainder of this page intentionally left blank***]**

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing statements are true and correct to the best of my knowledge, information, and belief.

Dated: December 9, 2016
Houston, Texas



Jeff Hunter, Chief Restructuring Officer
Illinois Power Generating Company

Exhibit A

Evidentiary Support for First Day Motions

EVIDENTIARY SUPPORT FOR FIRST DAY MOTIONS[1]

I. Administrative Motions

A. Debtor's Emergency Motion for Entry of an Order (I) Scheduling Combined Hearing on (A) Adequacy of Disclosure Statement and (B) Confirmation of Plan; (II) Fixing Deadline to Object to Disclosure Statement and Prepackaged Plan; (III) Approving (A) Prepetition Solicitation Procedures, (B) Form and Manner of Notice of Commencement, Combined Hearing, and Objection Deadline, and (C) Form of Eligibility Letter; (IV) Approving Procedures for Assumption of Contracts and Leases and Form and Manner of Cure Notice; (V) Conditionally (A) Directing the United States Trustee Not to Convene Section 341 Meeting of Creditors and (B) Waiving Requirement of Filing Statements of Financial Affairs and Schedules of Assets and Liabilities; and (VI) Granting Related Relief (the "**Solicitation Procedures Motion**") [Docket No. 6]

1. By the Solicitation Procedures Motion, the Debtor respectfully requests entry of an order:

i. scheduling a combined hearing on January 23, 2017, or as soon thereafter as the Court's calendar allows, but not later than February 3, 2017, to (a) approve the adequacy of the Disclosure Statement and (b) consider confirmation of the Plan;

ii. establishing January 13, 2017, at 4:00 p.m. (Prevailing Central Time), as the deadline to electronically file objections to the adequacy of the Disclosure Statement or confirmation of the Plan, and January 10, 2017, at 4:00 p.m. (Prevailing Central Time), as the deadline to hand file with the Clerk of the Court any such objections;

iii. approving the Solicitation Procedures with respect to the Plan, including the forms of Ballots;

iv. approving the form and manner of the notice of the commencement of the Debtor's chapter 11 case, the Combined Hearing and the Objection Deadline;

v. approving the form of the Eligibility Letter;

vi. approving the Assumption Procedures and the form and manner of the Cure Notice;

vii. so long as the Plan is confirmed on or before February 9, 2017, (a) directing the Office of the United States Trustee for the Southern District

[1] Capitalized terms used but not defined herein shall have the meanings ascribed to them in the respective First Day Motions.

of Texas not to convene an initial meeting of creditors under Section 341(a) of the Bankruptcy Code and (b) waiving the requirement that the Debtor file statements of financial affairs ("**SOFAs**") and schedules of assets and liabilities ("**Schedules**"); and

viii. granting related relief

2. Below is a table highlighting the key dates relevant to the Solicitation Procedures and, subject to the Court's calendar, setting forth the Debtor's proposed dates for, among other things, the mailing and publishing (as applicable) of the Combined Notice, the Objection Deadline, and the Combined Hearing.

Event	Date/Deadline	Days Before/After Petition Date
Voting Record Date	October 28, 2016	42 (before)
Commencement of Solicitation	November 7, 2016	32 (before)
Voting Deadline	December 6, 2016, at 11:59 p.m. (Prevailing Eastern Time)	3 (before)
Petition Date	December 9, 2016	0
Mailing of Combined Notice and Eligibility Letter	December 13, 2016	4 (after)
Mailing of Cure Notice	December 27, 2016	18 (after)
Deadline to file Plan Supplement	December 30, 2016	21 (after)
Deadline to file Proposed Confirmation Order	January 6, 2017	28 (after)
Plan/Disclosure Statement Objection Deadline	January 13, 2017, at 4:00 p.m. (Prevailing Central Time) for electronically filed objections; January 10, 2017, at 4:00 p.m. (Prevailing Central Time) for hand filed objections	35 (after)
Cure Notice Objection Deadline	January 13, 2017	35 (after)
Plan/Disclosure Statement Reply Deadline	January 19, 2017, at 4:00 p.m. (Prevailing Central Time)	41 (after)
Combined Hearing	January 23, 2017, at _:00 a/p.m. (Prevailing Central Time)	45 (after)

3. As set forth above, the Debtor began soliciting votes on the Plan on November 7, 2016, after extensive negotiations with Dynegy and the Ad Hoc Group of Noteholders on the Support Agreement, the Exchange Offer, and the Plan. The members of the Ad Hoc Group of Noteholders collectively hold approximately 64% of the outstanding principal amount of the Debtor's senior unsecured notes. In other words, nearly two-thirds of the holders of the sole class of claims entitled to vote on the Plan participated in the plan negotiation process. Thus, I believe the solicitation period is sufficient and appropriate for those holders entitled to vote on the Plan to make an informed decision to accept or reject the Plan, and respectfully submit that the Solicitation Procedures Motion should be approved.

4. Further, following the occurrence of the voting deadline on December 6, 2016, Epiq informed Genco that 96.9% in amount and 82.9% in number of votes timely submitted had voted to accept the Plan. I understand from my discussions with the Debtor's advisors that this level of acceptance is sufficient for the Plan to be approved by the Court. Given this level of support, I believe that the Debtor and its creditors will benefit from an expeditious confirmation. I understand from my discussions with the Debtor's advisors that the proposed timeline set forth in the Solicitation Procedures Motion complies with all federal and local requirements, and it is my view that the proposed timeline will provide sufficient time for parties in interest to review filings in the Chapter 11 Case while also providing for an expeditious emergence from bankruptcy for the Debtor. In addition, I believe that a waiver of the requirement for the Debtor to file the SOFAs and Schedules will allow the Debtor to focus on its expeditious emergence.

II. Operational Motions

B. Debtor's Emergency Motion for Entry of Interim and Final Orders Authorizing the Debtor to (I) Continue to Operate Its Cash Management System, (II) Continue Using Existing Checks and Business Forms, and (III) Continuing Certain Intercompany Arrangements (the "**Cash Management Motion**") [Docket No. 9]

5. Pursuant to the Cash Management Motion, the Debtor seeks entry of interim and final orders (I) authorizing, but not directing, the Debtor to (A) maintain and use its existing cash management system, (B) continue using its existing bank accounts, checks, and business forms, and (C) continue certain intercompany arrangements, and (II) granting related relief.

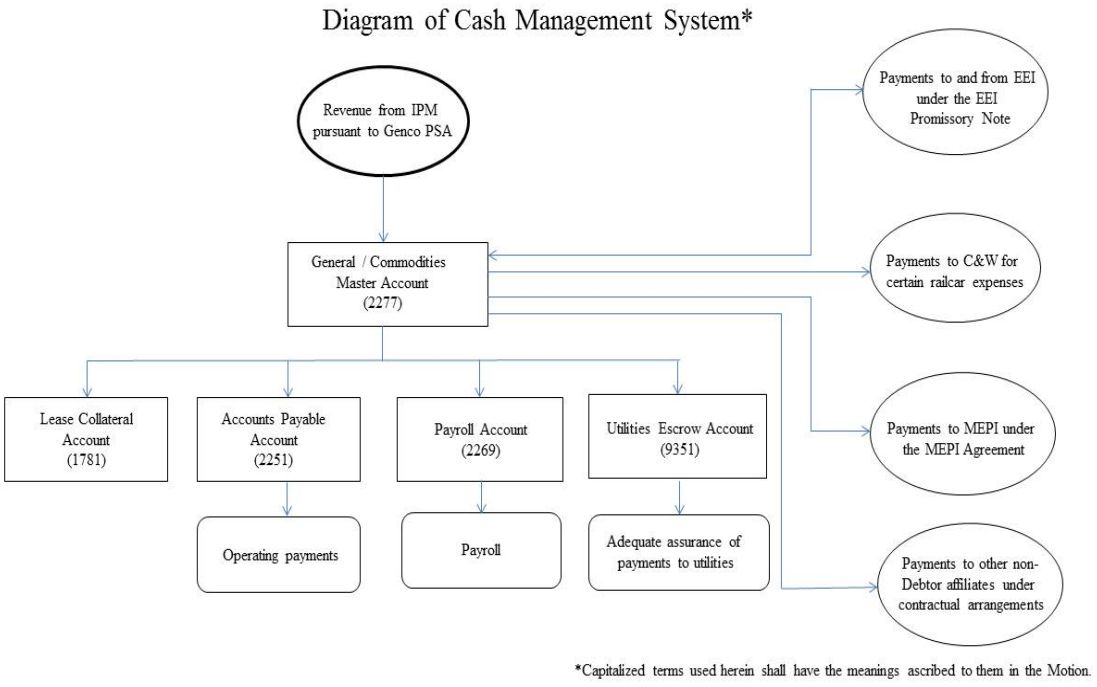
6. The Debtor uses the Cash Management System in the ordinary course of business. The Cash Management System allows the Debtor to (i) monitor and control all of the Debtor's cash receipts and disbursements, (ii) identify the cash requirements of the Debtor and certain of its non-debtor subsidiaries, and (iii) transfer cash as needed to respond to the cash requirements of the Debtor and certain of its non-debtor subsidiaries, as depicted in the diagram below.

7. Based on my experience and understanding, the Cash Management System is comparable to the cash management systems used by similarly-situated companies that operate as subsidiaries of large corporations.

8. The Cash Management System consists of five (5) Bank Accounts, four (4) of which are held at JP Morgan Chase Bank and one (1) of which is held at Fifth Third Bank. All accounts are insured by the Federal Deposit Insurance Corporation. As of December 8, 2016, the cash balance in the General / Commodities Master Account is approximately $52.6 million and the cash balance in the Lease Collateral Account is approximately $6.5 million. A summary of the Bank Accounts is included in the chart below:

Account Name	Account Description
General / Commodities Master Account **JP Morgan Chase:** Illinois Power Generating Company – 2277	The General / Commodities Account is a concentration account for all of the Debtor's revenues. The General / Commodities Account receives all of the Debtor's revenue from its non-debtor affiliate Illinois Power Marketing Company ("**IPM**") pursuant to the Genco PSA (as defined below), and disburses funds to the other Bank Accounts, as well as certain bank accounts of its non-debtor affiliates, on an as-needed basis, through various funds-transfer mechanisms, including wires and ACH payments.
Accounts Payable Account **JP Morgan Chase:** Illinois Power Generating Company – 2251	The Accounts Payable Account is used to make the Debtor's ordinary course payments to third-party vendors, including, but not limited to, payments for services at the Debtor's power generation facilities, payments for rail services, and state and federal tax obligations. Such payments are made through various funds-transfer mechanisms, including wires, ACH payments, and checks. The Accounts Payable Account maintains a zero-balance and is funded on an as-needed basis by the General / Commodities Account.
Payroll Account **JP Morgan Chase:** Illinois Power Generating Company – 2269	The Payroll Account is used to process payroll checks and direct deposits to the Debtor's employees, as well as to pay payroll taxes, through various funds-transfer mechanisms, including wires, ACH payments, and checks. The Debtor funds payroll twice per month. The Payroll Account maintains a zero-balance, and is funded on an as-needed basis by the General / Commodities Account.
Utilities Escrow Account **JP Morgan Chase:** Illinois Power Generating Company – 9351	The Utilities Escrow Account was established prior to the Petition Date, and will hold cash for the purpose of providing adequate assurance of payment to the Debtor's utility providers pursuant to the Bankruptcy Code. This account is necessary to ensure services to the Debtor by such utilities is not interrupted by the Chapter 11 Case, and will be funded by the General / Commodities Account.
Lease Collateral Account **Fifth Third Bank**: Illinois Power Generating Company – 1781	The Lease Collateral Account was established to provide cash collateral to Fifth Third Bank, as lessor, in connection with certain railcar lease agreements. The Debtor does not intend to disburse any funds from this account through the pendency of the Chapter 11 Case, except as specified below.

9. The diagram below illustrates the Debtor's cash management system, including the manner in which the Debtor transfers funds among the Bank Accounts, and distributes and collects funds from certain non-Debtor affiliates:



10. As part of the Cash Management System, the Debtor utilizes preprinted business forms in the ordinary course of its business, including purchase orders, invoices, and preprinted and future checks (the "**Business Forms**"). To minimize expenses to its estate and avoid any confusion of employees, customers, and vendors during the pendency of the Chapter 11 Case, the Debtor requests that the Court authorize its continued use of all correspondence and Business Forms in existence immediately before the Petition Date, without reference to the Debtor's status as a debtor in possession. If the Debtor exhausts its existing supply of checks during this Chapter 11 Case, the Debtor will print or order checks with the designation "Debtor in Possession" and the corresponding bankruptcy case number.

11. Requiring the Debtor to adopt a new cash management system during this Chapter 11 Case would be expensive, burdensome, and unnecessarily disruptive to the Debtor's operations. Absent the relief requested, requiring the Debtor to adopt a new cash management system would needlessly reduce the value of the Debtor's business enterprise. By contrast,

maintaining the current Cash Management System will facilitate the Debtor's transition into chapter 11 by, among other things, minimizing delays in paying postpetition debts and eliminating administrative inefficiencies. Finally, maintaining the current Cash Management System will allow those treasury and accounting employees that manage the Cash Management System to focus on their daily responsibilities.

12. It is likely impossible for the Debtor to bond its deposits without incurring considerable costs to the detriment of the Debtor's estate and creditors.

13. I believe that the relief requested in the Cash Management Motion is essential to the Debtor's business and denial of such relief would disrupt the Debtor's business. I believe that the relief requested in the Cash Management motion is in the best interest of the Debtor's estate, its creditors, and all other parties in interest, and will enable the Debtor to continue to operate its business in chapter 11. Accordingly, on behalf of the Debtor, I respectfully submit that the Cash Management Motion should be approved.

C. Debtor's Emergency Motion for Entry of Order (I) Authorizing, but Not Directing, the Debtor to (A) Pay Prepetition Employee Obligations and (B) Continue Employee Benefit Plans and Programs Postpetition; (II) Authorizing the Debtor to Pay Withholding and Payroll-related Taxes and (III) Directing All Banks to Honor Prepetition Checks and Transfers for Payment of Employee Obligations (the "**Employee Wages Motion**") [Docket No. 8]

14. Pursuant to the Employee Wages Motion, the Debtor seeks entry of an order (a) authorizing, but not directing, the Debtor to (i) pay or otherwise honor various employee-related prepetition obligations of the Debtor to, or for the benefit of, employees and (ii) continue postpetition certain of the Debtor's employee benefit plans and programs in effect immediately prior to the filing of the Chapter 11 Case; (b) confirming that the Debtor is permitted, but not required, to pay any and all local, state and federal withholding and payroll-related or similar

taxes relating to prepetition periods; and (c) directing all banks to honor prepetition checks for payment of the employee obligations.

15. In the ordinary course of business, the Debtor relies on the services of approximately 217 Employees, 170 of which are hourly Employees and 47 of which are salaried Employees. Specifically, the Debtor employs approximately 85 Employees at its Newton Plant and approximately 132 Employees at its Coffeen Plant. In the ordinary course of business, the Debtor incurs payroll and various other obligations and provides other benefits to its Employees. Maintaining the Debtor's workforce with minimal interruption is critical to maintaining the Debtor's business and operations and to its ability to maximize value through a restructuring.

16. All of the Debtor's Employees are paid directly by the Debtor. In addition to and separate from the Debtor's Employees, the Provider Group provides management services to the Debtor pursuant to the Service Agreements. Many of the Debtor's obligations with respect to its Employees are paid indirectly by the Debtor through payments made by the Debtor to the Provider Group in accordance with the Service Agreements. By the Employee Wages Motion, the Debtor does not seek the authority to make any payments to the Provider Group under the Service Agreements on account of amounts due as of the Petition Date. With respect to payments to the Provider Group under the Service Agreements, the Debtor seeks by the Employee Wages Motion the authority to continue to make postpetition payments on account of obligations related to its Employees in the ordinary course of business. The Debtor seeks by the Employee Wages Motion to pay prepetition amounts only on account of the Wage Obligations, Garnishment Obligations, Payroll Tax Obligations, Reimbursement Obligations, and the Non-Affiliate Benefit Obligations, each as defined in the Employee Wages Motion, none of which is paid by the Debtor through the Service Agreements.

17. The Debtor's average monthly gross payroll based on the last twelve months (*i.e.*, gross wages paid to Employees before Employee taxes or other deductions, including Garnishments, are withheld) for all Employees is approximately $2,319,759.42. All Salaried Employees and Union Employees are paid biweekly on Fridays for the pay period ending on the prior Saturday or Sunday. The Debtor estimates that as of the Petition Date, accrued and unpaid prepetition Wage Obligations total approximately $515,502.09. This amount includes Garnishment Obligations of approximately $3,584.87 and Payroll Tax Obligations of approximately $275,873.50. The Wage Obligations the Debtor seeks authority to pay do not exceed the $12,850 cap per Employee under Section 507(a)(4) of the Bankruptcy Code.

18. It is essential to the continued operation of the Debtor's business that the Debtor be permitted to continue to reimburse its Employees for a variety of business expenses incurred as part of their official duties and in furtherance of the Debtor's business, consisting of, among other things, travel expenses and, from time to time, goods purchased by Employees for the benefit of the Debtor's business. All prepetition Reimbursement Obligations, which the Debtor estimates to total approximately $112,000, were incurred by Employees within the scope of their employment by the Debtor with the understanding that they would be reimbursed for such expenses. To avoid harming the Employees who incurred the Reimbursement Obligations on behalf of the Debtor, the Debtor requests the authority to reimburse any Employee for Reimbursement Obligations that may have been incurred prepetition including, as applicable, both payments to Chase and the reimbursement of Employees for all unpaid Reimbursement Obligations that were incurred prepetition or relate to the prepetition period. The Debtor also seeks the authority to continue the use of the Chase Cards in the ordinary course of business, and to reimburse Employees for any expenses incurred in the ordinary course of business.

19. In the ordinary course of business, the Debtor offers Employee Incentive Programs, through Dynegy, as an additional component of the Debtor's compensation structure. The Employee Incentive Programs are designed to compensate the Employees for achieving certain performance goals or to recognize special achievements. The Debtor paid approximately $1,102,927.25 on account of the Employee Incentive Programs during the twelve months prior to the Petition Date. As of the Petition Date, accrued and unpaid amounts under the Employee Incentive Programs total approximately $1,109,975.71. The Debtor does not seek, under the Employee Wages Motion, the authority to make any payments under the Employee Incentive Programs other than to continue the Other Bonus Programs, through which the Debtor pays its Employees approximately $1,050 on average per month, in the ordinary course of business. Based on the expected timeline of this Chapter 11 Case, the Debtor hopes to emerge from Chapter 11 prior to payments under the STI Plan, LTI Plan, or Phantom Plan becoming due and payable to any of the Debtor's Employees. The Debtor reserves its right to seek to make payments under the Employee Incentive Programs by a subsequent motion if it becomes apparent that the Debtor may not emerge from Chapter 11 on the expected timeline.

20. In the ordinary course of business, the Debtor has established various Employee Benefit Plans. With respect to many of the Employee Benefit Plans, the Debtor is a participant in programs maintained by the Provider Group. As a result, many of the Employee Benefit Obligations are owed to the Provider Group. The Debtor does not seek the authority to pay any amounts owed to the Provider Group on account of the Employee Benefit Obligations as of the Petition Date. The Debtor seeks the authority to pay amounts owed as of the Petition Date on account of the Non-Affiliate Benefit Obligations, which are those Employee Benefit Obligations that are not paid through the Service Agreements but are instead paid to non-affiliate third

parties. The Debtor also seeks the authority to continue to make postpetition payments with respect to all Employee Benefit Obligations in the ordinary course of business.

21. As of the Petition Date, the Debtor believes that the accrued and unpaid prepetition Non-Affiliate Benefit Obligations, excluding Employee contributions, is approximately $9,747.85.[2] Employee contributions that have already been deducted from employee wages with respect to Non-Affiliate Benefit Obligations, but have not yet been transmitted to the appropriate third party, total approximately $305,453.52.

22. The Debtor is not aware of any accrued but unpaid Prepetition Administration Costs as of the Petition Date because most administrative expenses related to the Debtor's Employees are paid by the Debtor indirectly through the Service Agreements. However, to the extent there are any outstanding Prepetition Administration Costs as of the Petition Date, the payment of such costs is justified because the failure to pay any such amounts might disrupt third party providers' services with respect to the Wage Obligations, Garnishment Obligations, Employer Payroll Tax Obligations, Reimbursement Obligations, and Employee Benefit Plans.

23. Payment of the Debtor's obligations with respect to its workforce, and the continuation of the Employee Benefit Plans in the ordinary course of business will allow the Debtor to continue to operate its business in an economic and efficient manner without disruption and enable the Debtor to focus on completing a successful reorganization, which would benefit all parties in interest. Without this relief, otherwise loyal Employees may seek other work opportunities, thereby putting at risk the Debtor's continued operation as a reorganized enterprise and which may cause irreparable harm. The total amount sought to be paid by the Employee Wages Motion, approximately $942,703.46, is modest compared to the

[2] This calculation does not include PTO Obligations as any such accrued PTO Obligations do not represent a current cash pay obligation.

magnitude of the Debtor's overall business. Accordingly, on behalf of the Debtor, I respectfully submit that the Employee Wages Motion be approved.

D. Debtor's Emergency Motion for Entry of Interim and Final Orders Authorizing the Payment of Prepetition Claims of Certain Creditors in the Ordinary Course of Business (the "**Prepetition Claims Motion**") [Docket No. 7]

24. Pursuant to the Prepetition Claims Motion, the Debtor seeks entry of interim and final orders authorizing, but not directing, the Debtor to pay, in the ordinary course of business the liquidated, noncontingent, and undisputed prepetition claims of its trade and service providers (other than the Provider Group) in an amount up to approximately $19.9 million upon entry of the Interim Order and an additional approximately $3.2 million upon the Interim Order becoming a Final Order or entry of a Final Order after a Final Hearing, as such amounts represent claims of prepetition creditors that are essential to the Debtor's ongoing business operations in the ordinary course or may otherwise have special lien, contractual, or administrative rights. The Prepetition Creditors are comprised of (i) the Fuel Suppliers; (ii) the Mechanic Contractors; (iii) the Shippers and Storage Providers; (iv) the Property and Equipment Lessors; (v) Other General Unsecured Prepetition Creditors; and (vi) the 503(b)(9) Claimants. The Prepetition Claims Motion is not duplicative of any other First Day Motion. As used therein, the term "Payable Claims" does not include any obligation the Debtor seeks to pay under a separate First Day Motion.

25. In the ordinary course of its business, the Debtor incurs numerous obligations to Prepetition Creditors that provide vital supplies and services necessary to operate the Debtor's business. These include, among other things, various items related to fuel supply, plant operations, storage and shipping services, railcar leases, maintenance and repair services for property and equipment, expenditures required for environmental compliance, management and marketing services, information technology services, and other goods and services necessary to

the Debtor's operation of its electric power generation business. Correspondingly, the Debtor incurs numerous fixed, liquidated, and undisputed payment obligations to the Prepetition Creditors in the ordinary course of business.

26. The Debtor's failure to pay Payable Claims could result in significant disruption to its business as a result of attempts by certain Prepetition Creditors to terminate contracts, initiate reclamation claims, assert liens, seize property, and/or otherwise refuse to deliver the goods or perform the services required by the Debtor to operate its business, notwithstanding the automatic stay, which would undermine the Debtor's ongoing operations and the revenues derived therefrom. Also, the Debtor interacts with the Prepetition Creditors pursuant to a variety of arrangements, including arrangements that are not executory in nature. The counterparty of such an arrangement may not agree to continue to do business with the Debtor unless paid on account of prepetition amounts due from the Debtor and would be under no obligation to do so.

27. In the ordinary course of business, the Debtor purchases coal, refined coal, fuel oil, and a limited amount of natural gas from various Fuel Suppliers in order to operate its electric power generation plants. Without the coal, refined coal, fuel oil, and natural gas supplied by the Fuel Suppliers, the Debtor would be incapable of operating its power plants. Further, certain of the Fuel Suppliers produce particular variants of low-sulfur coal that are necessary for the Debtor to meet applicable environmental compliance rules and thereby remain legally operable. The Debtor also submits that the Fuel Suppliers are of great necessity to its ongoing business operations and cannot be easily and efficiently replaced.

28. I understand that, if the Debtor does not pay the amounts owed to the Fuel Suppliers on a timely basis, certain of the Fuel Suppliers may refuse to provide the fuel necessary to operate the Debtor's electric power generation plants, which would disrupt the

Debtor's business operations and cause damage disproportionate to the amount of the claims. Absent continuity of payment, I understand that certain of the Fuel Suppliers may also seek to terminate their commodities contracts notwithstanding the automatic stay, pursuant to certain "safe harbor" provisions of the Bankruptcy Code. Replacement vendors, even where available, would likely result in higher costs for the Debtor, which would cause harm to the Debtor's business and the residual value of the Debtor's estate.

29. In the ordinary course of business, the Debtor engages certain third-party contractors to provide labor and materials essential to the Debtor's business operations relating to certain projects required for environmental compliance and maintenance and repair services for the Debtor's leased or owned property and equipment. The Debtor obtains such services from various Mechanic Contractors, often on a project basis.

30. I understand that, if the Debtor does not pay the amounts owed to the Mechanic Contractors on a timely basis, the Mechanic Contractors may assert liens on the Debtor's real or personal property or refuse to deliver or release the Debtor's property or equipment until their invoices are paid. The assertion of liens against the Debtor's property or equipment as a result of not being paid would cause significant disruption to the Debtor's operations and could potentially cost the Debtor a substantial amount of revenue and future business. In addition, I understand that the Mechanic Contractors who operate under short-term contracts could refuse to provide future services to the Debtor, further disrupting the Debtor's operations.

31. In the ordinary course of business, the Debtor engages certain Shippers and Storage Providers to transport and store the Debtor's fuel supplies and other property and equipment. The Shippers and Storage Providers regularly possess the fuel supplies and other property and equipment owned or leased by the Debtor. I understand that, if the Debtor were to

default on any obligation to the Shippers and Storage Providers, they may assert liens, attempt to take possession of the Debtor's property, and/or bar the Debtor's access to the fuel supplies or other property and equipment necessary to operate the Debtor's business.

32. In the ordinary course of business, the Debtor is party to leases with Property and Equipment Lessors for railcars and other property and equipment necessary to transport and store the Debtor's fuel supplies and for other operational purposes that are essential to the Debtor's continued business operations. I understand that failure to pay the Property and Equipment Lessors could be disruptive to the Debtor's business, as certain of the Property and Equipment Lessors are also secured creditors of the Debtor that may be entitled to adequate protection of their liens, the enforcement of which may impose additional costs on the Debtor's estate.

33. The Debtor may have received certain goods or materials from various vendors within 20 days before the Petition Date, which I understand entitles such vendors to special treatment under Section 503(b)(9) of the Bankruptcy Code. Certain of the Debtor's relationships with these 503(b)(9) Claimants are not governed by enforceable long-term contracts. Rather, the Debtor obtains certain supplies on an order-by-order basis. In addition, as stated above, certain of the Debtor's Fuel Suppliers who are 503(b)(9) Claimants may seek to terminate their commodities contracts, notwithstanding the automatic stay. As a result, a 503(b)(9) Claimant may refuse to supply new orders without payment of its prepetition claims, which would disrupt the Debtor's business as certain of these suppliers may be necessary for the Debtor's ongoing operations.

34. The requested relief in the Prepetition Claims Motion is warranted as it provides the Debtor with immediate benefits while not prejudicing any nonconsenting class of creditors and while preserving the value of the Debtor's estate. Without the requested relief, the Debtor's

business operations could be significantly disrupted. Further, the requested relief would benefit the Debtor's estate with little or no downside risk. The Debtor's Plan already contemplates payment in full to all general unsecured creditors. Thus, the relief sought by the Prepetition Claims Motion, assuming the Plan is ultimately confirmed by the Court, alters only the timing of payments and not whether the Payable Claims will be paid. Accordingly, on behalf of the Debtor, I respectfully submit that the Prepetition Claims Motion should be approved.

E. Debtor's Emergency Motion for Entry of an Order Authorizing the Payment of Certain Prepetition and Postpetition Taxes and Fees (the "**Taxes and Fees Motion**") [Docket No. 11]

35. Pursuant to the Taxes and Fees Motion, the Debtor seeks entry of an order (a) authorizing the Debtor to remit and pay (or use tax credits to offset) the Taxes and Fees that accrued prior to the Petition Date and that will become payable during the pendency of this Chapter 11 Case and (b) authorizing the Debtor to remit and pay (or use tax credits to offset) Taxes and Fees that arise or accrue in the ordinary course of business on a postpetition basis.

36. In the ordinary course of business, the Debtor collects, withholds, and/or incurs and is required to pay Taxes and Fees. The Debtor's failure to pay prepetition Taxes and Fees may cause the Authorities to take precipitous action, including, but not limited to, conducting audits, filing liens, preventing the Debtor from doing business in certain jurisdictions, seeking to lift the automatic stay, or pursuing payment of the Taxes and Fees from the Debtor's officers and directors, all of which would greatly disrupt the Debtor's operations and ability to focus on their reorganization efforts. Further, claims for certain of the Taxes and Fees are or may be priority claims entitled to payment before general unsecured claims.

37. I believe that the relief requested in the Taxes and Fees Motion is in the best interests of the Debtor's estate, its creditors, and all other parties in interest, and will enable the

Debtor to continue to operate its business in Chapter 11 without disruption. Accordingly, on behalf of the Debtor, I respectfully submit that the Taxes and Fees Motion should be approved.

F. Debtor's Emergency Motion for Entry of Order (I) Approving the Debtor's Proposed Adequate Assurance of Payment for Future Utility Services, (II) Prohibiting Utility Companies From Altering, Refusing, or Discontinuing Services, and (III) Approving the Debtor's Proposed Procedures for Resolving Additional Assurance Requests (the "**Utilities Motion**") [Docket No. 10]

38. Pursuant to the Utilities Motion, the Debtor seeks entry of an order (a) approving the Debtor's proposed adequate assurance of payment for future utility services, (b) prohibiting Utility Companies (as defined in the Utilities Motion) from altering, refusing, or discontinuing services, and (c) approving the Debtor's proposed procedures for resolving adequate assurance requests.

39. In connection with the operation of its businesses and management of its properties, the Debtor obtains electricity, telecommunications, water, waste management (including sewer and trash), internet, and other similar services from a number of utility companies or brokers. On average, the Debtor pays approximately $14,000 each month for third-party Utility Services, calculated as a historical average payment for the twelve-month period ended October 31, 2016. Accordingly, the Debtor estimates that its cost for Utility Services during the next 30 days (not including any deposits to be paid) will be approximately $14,000. To provide additional assurance of payment to the Utility Companies, the Debtor will deposit $7,058.21 (the "**Adequate Assurance Deposit**") into a segregated account. The Adequate Assurance Deposit represents an amount equal to one half of the Debtor's average monthly cost of Utility Services, calculated as a historical average payment for the twelve-month period ended October 31, 2016.

40. Uninterrupted Utility Services are essential to the Debtor's ongoing business operations, and hence the overall success of this Chapter 11 Case. Should any Utility Provider

refuse or discontinue service, even for a brief period, the Debtor's business operations would be severely disrupted, and such disruption would jeopardize the Debtor's ability to manage its reorganization efforts. Accordingly, it is essential that the Utility Services continue uninterrupted during this Chapter 11 Case.