

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

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In re: : Chapter 11
: :
DYNEGY HOLDINGS, LLC, et al.,¹ : Case No. 11-38111 (CGM)
: :
: Jointly Administered
Debtors. :
: **Related Dk. No. 803**
: :
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In re: : Chapter 11
: :
DYNEGY Inc.,² : Case No. 12-36728 (CGM)
: :
: **Related Dk. No. 803 (Case No. 11-38111)(CGM)**
Debtor. :
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**ORDER (A) AUTHORIZING THE MERGER OF DYNEGY HOLDINGS, LLC
INTO DYNEGY INC. AND (B) IN FURTHERANCE OF IMPLEMENTATION
OF THE SETTLEMENT AGREEMENT**

A hearing having been held on July 9, 2012 (the “Hearing”), to consider the motion, dated June 18, 2012 (the “Motion”),³ of Dynegy Holdings, LLC (“DH”), one of the above-captioned debtors and debtors-in-possession in the cases jointly administered under Case No. 11-38111 (CGM) (collectively, the “DH Debtors”), and Dynegy Inc., the above-captioned debtor and debtor-in-possession in Case No. 12-36728 (CGM) (“DI” and, together with DH, the

¹ The DH Debtors, together with the last four digits of each Debtor’s federal tax identification number, are Dynegy Holdings, LLC (8415); Dynegy Northeast Generation, Inc. (6760); Hudson Power, L.L.C. (NONE); Dynegy Danskammer, L.L.C. (9301); and Dynegy Roseton, L.L.C. (9299). The location of the Debtors’ corporate headquarters and the service address for Dynegy Holdings, LLC, Dynegy Northeast Generation, Inc. and Hudson Power, L.L.C. is 1000 Louisiana Street, Suite 5800, Houston, Texas 77002. The location of the service address for Dynegy Roseton, L.L.C. is 992 River Road, Newburgh, New York 12550. The location of the service address for Dynegy Danskammer, L.L.C. is 994 River Road, Newburgh, New York 12550.

² The last four digits of Dynegy Inc.’s federal tax identification number are 3152. The location of its corporate headquarters and the service address is 601 Travis Street, Suite 1400, Houston, Texas 77002

³ Capitalized terms used but not defined herein shall have the meanings assigned to them in the Motion.

“Movants”), for entry of an order pursuant to sections 105(a) and 363(b) of the Bankruptcy Code (a) authorizing the merger of DH into DI and (b) in furtherance of the Settlement Agreement; and the Court having jurisdiction to consider the Motion, and the relief requested therein being a core proceeding pursuant to 28 U.S.C. §§ 157 and 1334 and the Amended Standing Order of Reference signed by Chief Judge Preska dated January 31, 2012; and venue being proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409; and the Court having found that, subject to the conditions set forth herein, the Assignment and Merger represent a reasonable use of the Movants’ business judgment, are in furtherance of the Settlement Agreement and Plan, and comply with the Bankruptcy Code; and notice of the Motion and the Hearing being found to be adequate under the circumstances, including the notice given to DI’s known creditors and shareholders; and the related notice of the Motion constituting good and sufficient notice to all interested parties, including DI’s known creditors and shareholders, and no other or further notice need be provided; and DI having commenced a chapter 11 case in this Court (Case No. 12-36728 (CGM)) on July 6, 2012; and upon the Motion, the papers in support thereof and the responses thereto, the record of the Hearing; and the Court having found and determined that the legal and factual bases set forth in the Motion and at the Hearing establish just cause for the relief granted herein; and that the relief requested in the Motion is in the best interests of DI, its estate and its stakeholders and DH, its estate and creditors; and upon all of the proceedings had before the Court; and after due deliberation and sufficient cause appearing therefor;

NOW, THEREFORE, IT IS HEREBY:

ORDERED that the Motion is GRANTED and the relief requested in the Motion is hereby authorized, subject to the terms and conditions contained therein and as provided herein; and it is further

ORDERED that:

- (a) DI is authorized to effectuate the Assignment as contemplated by the Settlement Agreement and at any time prior to the Merger, subject only to the prior written consent of the Creditors' Committee; provided, that DI may modify the proposed beneficiaries of the trust to which the Dynege Administrative Claim is assigned if (i) it files and serves on all parties in interest a notice of intent to do so and (ii) no objections are filed within ten (10) days of the filing of such notice or such objections are consensually resolved or overruled by the Court;
- (b) DI and DH are authorized, but not directed, to effectuate the Merger on or prior to the effective date of the Plan, subject to the following conditions: (i) a Merger will not occur prior to the Effective Date unless and until the timing of the Merger is subsequently approved by the Independent Manager and written consent is provided by DI, the Creditors' Committee, the Lease Trustee and the Majority Consenting Senior Noteholders, in each case, such approval and consent shall be in each party's sole and absolute discretion immediately prior to such Merger; and (ii) regardless of timing, a Merger may only occur pursuant to documentation that is in form and substance reasonably acceptable to the Independent Manager, DI, the Creditors' Committee, the Majority Consenting Senior Noteholders and the Lease Trustee; and
- (c) this Order shall also be entered on the docket in DI's chapter 11 case, and all relief granted herein is binding upon all creditors and equity interest holders of DI without a further order of this Court; and it is further

ORDERED that the Movants are authorized to take or refrain from taking any action necessary or appropriate to implement the terms of and the relief granted in this Order without seeking further order of the Court; and it is further

ORDERED that any objections to the Motion or the relief granted in this Order that have not previously been withdrawn or resolved are hereby overruled; and it is further

ORDERED that the requirement under Local Bankruptcy Rule 9013-1(a) for the

filing of a memorandum of law is waived; and it is further

ORDERED that this Court retains jurisdiction with respect to all matters arising
from or related to the implementation of this Order.

Dated: July 10, 2012
Poughkeepsie, New York

/s/ Cecelia G. Morris
THE HONORABLE CECELIA G. MORRIS
CHIEF UNITED STATES BANKRUPTCY JUDGE