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DYNEGY INC /IL/  
Form 424B3  
January 27, 2005

Filed pursuant to Rule No. 424(b) (3)  
Registration Number 333-115148

PROSPECTUS SUPPLEMENT NO. 3

DYNEGY INC.

\$225,000,000

4.75% CONVERTIBLE SUBORDINATED DEBENTURES DUE 2023

AND SHARES OF CLASS A COMMON STOCK ISSUABLE  
UPON CONVERSION OF THE DEBENTURES

DYNEGY HOLDINGS INC.

GUARANTEE OF 4.75% CONVERTIBLE SUBORDINATED DEBENTURES DUE 2023

This prospectus supplement supplements the prospectus, dated August 2, 2004, of Dynegy Inc., relating to the sale by certain of our securityholders (including their pledgees, donees, assignees, transferees, successors and others who later hold any of the securityholders' interests) of, among other things, up to \$225,000,000 aggregate principal amount of our 4.75% Convertible Subordinated Debentures due 2023 and the shares of Class A common stock issuable upon conversion of the debentures. You should read this prospectus supplement in conjunction with the prospectus, and this prospectus supplement is qualified by reference to the prospectus, except to the extent that the information in this prospectus supplement supersedes the information contained in the prospectus.

The table of selling securityholders contained in the prospectus is hereby modified to add the following:

NAME OF SELLING SECURITY HOLDER	PRINCIPAL AMOUNT OF CONVERTIBLE DEBENTURES BENEFICIALLY OWNED BEFORE THE OFFERING AND THAT MAY BE SOLD	CLASS A COMMON STOCK OWNED BEFORE THE OFFERING	CLASS A COMMON STOCK THAT MAY BE SOLD	CLASS A COMMON STOCK OWNED BEFORE THE OFFERING
AK Steel Master Pension Trust.....	\$425,000	--	103,130	
Argent LowLev Convertible Arbitrage Fund Ltd.....	\$1,420,000	--	344,576	
Aristeia International Limited.....	\$1,445,000	--	350,643	
Aristeia Trading, LLC.....	\$305,000	--	74,011	
Aviator Master Fund.....	\$9,621,000	--	2,334,627	
Aviator Overseas II Fund.....	\$879,000	--	213,297	
Class C Trading Company, Ltd.....	\$120,000	--	29,119	
Custom Investments PCC, Ltd.....	\$40,000	--	9,706	
HFR CA Global Select Master Trust Account.....	\$50,000	--	12,132	

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KBC Financial Products USA Inc.....	\$6,565,000	--	1,593,059
Lyxor Master Fund.....	\$290,000	--	70,371
Morgan Stanley & Co. Incorporated (1).....	\$5,220,000	426,690	1,266,682
UBS AG London f/b/o HFS.....	\$5,000,000	--	1,213,297
Zazove Convertible Arbitrage Fund, L.P.....	\$3,300,000	--	800,776
Zazove Hedged Convertible Fund, L.P.....	\$1,250,000	--	303,324

\* Less than one percent.  
(1) As of January 21, 2005.

An affiliate of Morgan Stanley & Co. Incorporated, or Morgan Stanley, listed above, is a lender under our credit facility. In addition, during the past three years, Morgan Stanley and its affiliates have performed financial advisory and investment banking services for us.

INVESTING IN THE DEBENTURES OR SHARES OF CLASS A COMMON STOCK INVOLVES RISKS THAT ARE DESCRIBED IN THE "RISK FACTORS" SECTION BEGINNING ON PAGE 9 OF THE PROSPECTUS.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR PASSED UPON THE ADEQUACY OR ACCURACY OF THIS PROSPECTUS SUPPLEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The date of this prospectus supplement is January 27, 2005.