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**DYNEGY PROVIDES UPDATE ON SALES OF
INTERESTS IN NON-CORE GENERATION ASSETS**

HOUSTON (March 31, 2004) – Dynegy Inc. (NYSE: DYN) today provided an update on its previously announced agreements to sell its 50 percent interests in the 424-megawatt Oyster Creek natural gas-fired qualifying facility (QF) located in Freeport, Texas and the 123-megawatt Michigan Power natural gas-fired QF located near Ludington, Mich. The buyer of Dynegy's Oyster Creek interest will be an affiliate of GE Commercial Finance's Energy Financial Services unit. The two transactions, which are expected to close early in the second quarter of 2004, are subject to the receipt of required lender and counterparty consents. The total proceeds generated by the two sales are anticipated to be approximately \$103 million, which will result in a net, pre-tax gain of approximately \$15 million at closing.

Dynegy is continuing to pursue the sale of its interests in other domestic and international non-core generation assets, including the company's interests in the Black Mountain (Nevada), Commonwealth (Virginia) and Hartwell (Georgia) power generation facilities. Dynegy believes it remains on target to raise approximately \$170 million in connection with the sale of non-core generation assets in 2004.

“Late last year, we announced our intention to review our asset portfolio in an effort to maximize our return on investment,” said Bruce A. Williamson, president and chief executive officer of Dynegy Inc. “Today’s announcement is indicative of the progress we are making toward meeting that goal through the sale of selected non-core generation assets. Completion of these sales would enhance our strategy of reducing outstanding debt and focusing on our

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unregulated generation and natural gas liquids business segments, where we believe we have competitive advantages,” Williamson added.

Dynegy’s ongoing power generation business consists of a geographically diverse fleet of baseload, intermediate and peaking power plants fueled by a mix of coal, fuel oil and natural gas. Located in 12 U.S. states, the portfolio is well-positioned to capitalize on regional differences in power prices and weather-driven demand. The power generation business also manages commodity price risk associated with fuel procurement and trades around its assets to deliver products and services to the nation’s wholesale energy system.

Dynegy Inc. provides electricity, natural gas, and natural gas liquids to customers throughout the United States. Through its energy businesses, the company owns and operates a diverse portfolio of assets, including power plants totaling more than 12,700 megawatts of net generating capacity, gas processing plants that process approximately two billion cubic feet of natural gas per day and nearly 38,000 miles of electric transmission and distribution lines.

Certain statements included in this news release are intended as "forward-looking statements." These statements include assumptions, expectations, predictions, intentions or beliefs about future events, particularly the company’s ability to consummate the agreed and targeted sales of non-core assets in its power generation business. Dynegy cautions that actual future results may vary materially from those expressed or implied in any forward-looking statements. Some of the key factors that could cause actual results to vary materially from those expected include the receipt of required consents and approvals and the market for the non-core generation assets with respect to which no purchase and sale agreement has been signed. More information about the risks and uncertainties relating to these forward-looking statements are found in Dynegy's SEC filings, including its Annual Report on Form 10-K for the year ended December 31, 2003, which are available free of charge on the SEC's web site at <http://www.sec.gov>.

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