

Dynegy Provides Update on Sales of Non-Core Generation Assets

HOUSTON - (BUSINESS WIRE) - July 21, 2004 - Dynegy Inc. (NYSE:DYN)

-- Company signs agreement to sell 50 percent ownership of Hartwell Power Generation Facility

-- Sale of interest in Oyster Creek completed

-- Dynegy provides update on sale of interest in Michigan Power

Dynegy Inc. (NYSE:DYN) today announced that it has signed an agreement to sell its 50 percent ownership of the Hartwell Power Generation Facility in Hartwell, Ga., to Centennial Power, Inc., an indirect wholly owned subsidiary of MDU Resources Group, Inc. Terms of the sale of the 310-megawatt, natural gas-fired peaking facility were not disclosed. The sale, which is expected to close late in the third quarter or early in the fourth quarter 2004, is subject to the receipt of required lender consents, as well as approval by the Federal Energy Regulatory Commission.

"Today's announcement of the pending sale of our ownership in the Hartwell facility represents continued progress in the divestiture of non-core energy assets," said Bruce A. Williamson, Chairman, President and Chief Executive Officer of Dynegy Inc. "These transactions further clarify our business strategy of focusing on our ongoing Power Generation and Natural Gas Liquids businesses where we believe we have strategic advantages and opportunities for growth."

Williamson added that with the agreement to sell the Hartwell facility, the company remains on target to generate approximately \$170 million in proceeds in connection with the sale of non-core generation assets in 2004.

The company also announced the completion of the sale of its 50 percent interest in the 424-megawatt Oyster Creek natural gas-fired qualifying facility (QF), located near Freeport, Texas, to GE Commercial Finance's Energy Financial Services unit. The sale generated proceeds of approximately \$79 million, resulting in a pre-tax gain of approximately \$15 million.

In addition, the company is selling its 50 percent interest in the 123-megawatt Michigan Power natural gas-fired QF located near Ludington, Mich. Terms of the sales agreement have not been disclosed. The sale is expected to close during the next several weeks, subject to the receipt of required lender consents.

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 1.8 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 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 lender consents and regulatory approvals. 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 Dec. 31, 2003, as amended, and its Quarterly Report on Form 10-Q for the quarter ended March 31, 2004, as amended, which are available free of charge on the SEC's web site at <http://www.sec.gov>.
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