

Dynege Acquisition, Inc.
Form S-4/A
February 08, 2007
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As filed with the Securities and Exchange Commission on February 8, 2007

Registration No. 333-139221

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

PRE-EFFECTIVE AMENDMENT NO. 2

TO

FORM S-4

REGISTRATION STATEMENT

UNDER THE SECURITIES ACT OF 1933

DYNEGE ACQUISITION, INC.

(Exact name of registrant as specified in its charter)

Delaware
*(State or other jurisdiction
of incorporation or organization)*

4911
*(Primary Standard Industrial
Classification Code Number)*
1000 Louisiana Street, Suite 5800

20-5653152
*(I.R.S. Employer
Identification Number)*

Houston, Texas 77002

(713) 507-6400

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

J. Kevin Blodgett, Esq.

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General Counsel, EVP Administration & Secretary

1000 Louisiana Street, Suite 5800

Houston, Texas 77002

(713) 507-6400

(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copy to:

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Approximate date of commencement of proposed sale of the securities to the public: As soon as practicable after this registration statement becomes effective.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. "

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

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The information in this preliminary proxy statement/prospectus is not complete and may be changed. These securities may not be sold until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary proxy statement/prospectus is not an offer to sell these securities, and it is not soliciting an offer to buy these securities, in any state or jurisdiction where the offer or sale is not permitted.

Preliminary Copy Subject To Completion, Dated February 8, 2007

MERGER PROPOSED YOUR VOTE IS IMPORTANT

To our shareholders:

I am pleased to invite you to attend the special meeting of shareholders of Dynegy Inc. (Dynegy) to be held on Thursday, March 29, 2007, at 10:00 a.m., local time, at Dynegy s headquarters, Wells Fargo Plaza, 1000 Louisiana Street, Houston, Texas 77002. At the special meeting, you will be asked to consider and vote on a proposal to adopt the merger agreement that Dynegy entered into with, among others, LSP Gen Investors, L.P., LS Power Partners, L.P., LS Power Equity Partners PIE I, L.P., LS Power Equity Partners, L.P. and LS Power Associates, L.P. as of September 14, 2006, and to approve the merger contemplated by such merger agreement.

If the transactions contemplated by the merger agreement are completed, you will receive one share of the Class A common stock of a new company, currently named Dynegy Acquisition, Inc. and which we refer to as New Dynegy, for each share of Dynegy s common stock held by you immediately prior to the effective time of the merger. Upon the completion of these transactions, New Dynegy s Class A common stock will be listed on the New York Stock Exchange (the NYSE) under the symbol DYN, which is the symbol under which Dynegy s current Class A common stock is traded on the NYSE.

This proxy statement/prospectus describes these transactions and provides specific information concerning the special meeting. You are encouraged to read this entire document carefully.

If you do not submit your proxy, vote in person or instruct your broker or bank how to vote, it will have the same effect as voting AGAINST the adoption of the merger agreement and the approval of the merger.

Sincerely,

Bruce A. Williamson

Chairman and Chief Executive Officer

Dynegy Inc.

For a discussion of certain risk factors that you should consider in evaluating the transactions contemplated by the merger agreement and an investment in New Dynegy s common stock, see Risk Factors beginning on page 20.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the securities to be issued under this proxy statement/prospectus or passed on the adequacy or accuracy of this proxy statement/prospectus. Any representation to the contrary is a criminal offense.

We may amend or supplement this proxy statement/prospectus from time to time by filing amendments or supplements as required.

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This proxy statement/prospectus is dated February _____, 2007, and is first being mailed to Dynegy's shareholders on or about _____, 2007.

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NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

TO BE HELD MARCH 29, 2007

To our shareholders:

Dynege Inc. ("Dynege") will hold a special meeting of its shareholders on Thursday, March 29, 2007 at 10:00 a.m., local time, at Dynege's headquarters, Wells Fargo Plaza, 1000 Louisiana Street, Houston, Texas 77002, to consider and vote on a proposal to adopt the merger agreement, dated as of September 14, 2006, by and among Dynege, Dynege Acquisition, Inc. ("New Dynege"), Falcon Merger Sub Co. ("Merger Sub"), LSP Gen Investors, L.P., LS Power Partners, L.P., LS Power Equity Partners PIE I, L.P., LS Power Equity Partners, L.P. and LS Power Associates, L.P. ("LS Associates" and, collectively, the "LS Contributing Entities") and to approve the merger of Merger Sub with and into Dynege. The merger agreement contemplates, among other transactions, that:

Merger Sub, a new wholly owned subsidiary of New Dynege, will merge with and into Dynege, as a result of which Dynege will become a wholly owned subsidiary of New Dynege;

each share of Dynege's common stock outstanding immediately prior to the merger will be converted into the right to receive one share of the Class A common stock of New Dynege pursuant to the merger;

contemporaneously with the merger, the LS Contributing Entities will transfer all of the interests owned by them in entities that own 11 power generation projects to New Dynege in exchange for (i) 340 million shares of the Class B common stock of New Dynege, (ii) \$100 million in cash and (iii) \$275 million in aggregate principal amount of junior unsecured subordinated notes of New Dynege; and

LS Associates will transfer its interests in certain power generation development projects to a newly formed limited liability company (the "Development LLC") and, in connection with the completion of the merger, will contribute 50% of the membership interests in the Development LLC to New Dynege; after the completion of the merger, LS Associates and New Dynege intend to contribute their respective interests in certain additional power generation development projects to the Development LLC.

Upon the completion of these transactions, Dynege's shareholders, in the aggregate, will hold approximately 60%, and the LS Contributing Entities will hold approximately 40%, of the outstanding common stock of New Dynege, and New Dynege will assume approximately \$1.9 billion of net debt (debt less restricted cash and investments) of the Contributed Entities (as of September 30, 2006).

A copy of the merger agreement is attached to this proxy statement/prospectus as Annex A. The certificate of incorporation and bylaws of New Dynege to be in effect following the merger are set forth as Annex B and Annex C, respectively, to this proxy statement/prospectus.

The board of directors of Dynege has approved the merger agreement and the related transactions and has determined that the transactions, including the merger, are advisable and in the best interests of Dynege and its shareholders. The board of directors of Dynege recommends that you vote **FOR** the adoption of the merger agreement and the approval of the merger.

Only Dynege's shareholders of record at the close of business on January 29, 2007 are entitled to notice of, and to vote at, the special meeting and any adjournments or postponements of the special meeting. No business other than the proposal described in this notice will be considered at the special meeting or any adjournment or postponement thereof. A complete list of Dynege's shareholders of record entitled to vote at the special meeting will be available for inspection at the special meeting.

Your vote is very important, regardless of the number of shares you own. Dynege cannot complete these transactions, including the merger, unless the merger agreement is adopted and the merger is approved by the affirmative vote of two-thirds of the issued and outstanding shares of

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(i) Dynegey's Class A common stock voting as a class, (ii) Dynegey's Class B common stock voting as a class and (iii) Dynegey's Class A common stock and Class B common stock voting together as a class. Please submit your proxy as soon as possible to make sure that your shares are represented at the special meeting.

You have the right to dissent and obtain the estimated fair value of your shares after the merger is completed if you do not vote in favor of the transaction and you follow required procedures explained under The Merger Rights of Dynegey's Shareholders Dissenting from the Merger Agreement and the Merger Proposal.

For your shares to be voted, you may complete, sign, date and return the enclosed proxy card or you may submit your proxy by telephone or over the Internet. If you are a holder of record, you may also cast your vote in person at the special meeting. If your shares are held in an account at a brokerage firm or bank, you must instruct them on how to vote your shares. **If you do not submit your proxy, vote in person or instruct your broker or bank how to vote, it will have the same effect as voting AGAINST the adoption of the merger agreement and the approval of the merger.**

By Order of the Board of Directors,

J. Kevin Blodgett

February , 2007

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REFERENCES TO ADDITIONAL INFORMATION

This proxy statement/prospectus incorporates important business and financial information about Dynege from other documents that are not included in or delivered with this proxy statement/prospectus. The Securities and Exchange Commission (the SEC) maintains a website that contains annual, quarterly and current reports, proxy and information statements and other information regarding registrants, like Dynege, that file reports with the SEC electronically. The SEC's website address is <http://www.sec.gov>. You may also read and copy any document Dynege files with the SEC at the SEC's public reference room, 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the operation of its public reference room. The information Dynege files with the SEC and other information about Dynege is also available on Dynege's website at <http://www.dynege.com>. However, the information on Dynege's website is not a part of, nor incorporated by reference into, this proxy statement/prospectus. For a listing of the documents incorporated by reference, please see Where You Can Find More Information.

You can also obtain those documents incorporated by reference in this proxy statement/prospectus without charge by contacting Dynege at:

Dynege Inc.

1000 Louisiana Street, Suite 5800

Houston, Texas 77002

(713) 507-6400

Attention: Investor Relations Department

In order to ensure timely delivery of requested documents, any request should be made at least five business days prior to the date on which an investment decision is to be made and, in any event, no later than March 22, 2007, which is five business days prior to the special meeting.

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QUESTIONS AND ANSWERS ABOUT THE SPECIAL MEETING

The following questions and answers are intended to briefly address some frequently asked questions regarding the Merger (as defined below) and the other transactions (together with the Merger, the Merger Agreement Transactions) contemplated by the Merger Agreement (as defined below). They should be read together with the section entitled Summary. These questions and answers may not address all questions that may be important to you as a shareholder of Dynegy Inc. (Dynegy). You are urged to read this entire proxy statement/prospectus carefully and the other documents to which Dynegy and New Dynegy (as defined below) refer you.

Q: When and where is the special meeting?

A: The special meeting will take place on Thursday, March 29, 2007, at 10:00 a.m., local time, at Dynegy's headquarters, Wells Fargo Plaza, 1000 Louisiana Street, Houston, Texas 77002.

Q: What am I being asked to vote on?

A: You are being asked to vote to adopt the Plan of Merger, Contribution and Sale Agreement (the Merger Agreement), dated as of September 14, 2006, by and among Dynegy, Dynegy Acquisition, Inc. (New Dynegy), Falcon Merger Sub Co. (Merger Sub), LSP Gen Investors, L.P. (Gen Investors), LS Power Partners, L.P. (LS Partners), LS Power Equity Partners PIE I, L.P. (PIE), LS Power Associates, L.P. (LS Associates) and LS Power Equity Partners, L.P. (LS Equity Partners) and, collectively with Gen Investors, LS Partners, PIE and LS Associates, the LS Contributing Entities) and approve the Merger (as defined below). The Merger Agreement contemplates, among other transactions, that:

Merger Sub, a new Illinois corporation and a wholly owned subsidiary of New Dynegy, will merge with and into Dynegy (the Merger), as a result of which Dynegy will become a wholly owned subsidiary of New Dynegy;

each share of Dynegy's common stock outstanding immediately prior to the Merger will be converted into the right to receive one share of the Class A common stock of New Dynegy pursuant to the Merger;

the LS Contributing Entities will transfer all of the interests (the Contributions) owned by them in entities that own 11 power generation projects (the Contributed Entities) to New Dynegy in exchange for (i) 340 million shares of the Class B common stock of New Dynegy, (ii) \$100 million in cash and (iii) \$275 million in aggregate principal amount of junior unsecured subordinated notes of New Dynegy (the New Dynegy Notes); and

LS Associates will transfer its interests in certain power generation development projects to a newly formed limited liability company (the Development LLC) and, in connection with the completion of the Merger, will contribute 50% of the membership interests in the Development LLC to New Dynegy; subsequent to the completion of the Merger, LS Associates and New Dynegy intend to contribute their respective interests in certain additional power generation development projects to the Development LLC.

Upon the completion of the Merger Agreement Transactions, Dynegy's shareholders, in the aggregate, will hold approximately 60%, and the LS Contributing Entities will hold approximately 40%, of the outstanding common stock of New Dynegy, and New Dynegy will assume approximately \$1.9 billion of net debt (debt less restricted cash and investments) of the Contributed Entities (as of September 30, 2006).

You are only being asked to vote on adoption of the Merger Agreement and the approval of the Merger. You are not being asked to vote on any other of the Merger Agreement Transactions, including the Contributions by the LS Contributing Entities of the Contributed Entities and the

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anticipated post-Merger contributions by LS Associates and New Dynegy of their respective interests in certain power generation

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development projects to the Development LLC. However, because the Merger Agreement Transactions are an integral part of the Merger Agreement and the Merger, a vote FOR or AGAINST the adoption of the Merger Agreement and the approval of the Merger will have the effect of approving or disapproving (as the case may be) all of the Merger Agreement Transactions.

Moreover, you are not being asked to vote on the transactions contemplated by the Kendall Agreement (as defined and described beginning on page 187), which will be completed if the Merger Agreement Transactions are not completed. Thus, a vote AGAINST the adoption of the Merger Agreement and the approval of the Merger will not prevent the completion of the transactions contemplated by the Kendall Agreement.

For a more detailed discussion about the Merger, please see The Merger.

Q: What will I receive in the Merger?

A: You will receive one share of New Dynegy's Class A common stock for each share of Dynegy common stock you hold, unless you do not vote to adopt the Merger Agreement and approve the Merger and you exercise and perfect your dissenters' rights under Illinois law. See The Merger Rights of Dynegy's Shareholders Dissenting from the Merger Agreement and Merger Proposal.

Q: Why is Dynegy's board of directors (the Dynegy Board) recommending that I vote FOR the adoption of the Merger Agreement and the approval of the Merger?

A: The Dynegy Board believes that the Merger will provide substantial strategic and financial benefits to Dynegy's shareholders, employees and customers, including:

increased fuel and dispatch diversity of the combined generation portfolios, and in particular, the opportunity to transform the Dynegy portfolio from one with cash flows primarily provided by coal-fired assets and, to a lesser extent, gas-fired peaking assets, to a New Dynegy portfolio with significant cash flows provided by both the existing Dynegy assets as well as efficient gas-fired intermediate-load assets with significant forward contracts. The Dynegy Board believed that stronger and more stable cash flows, and therefore greater financial stability, would result from the combination than could have been achieved from the existing Dynegy portfolio.

increased geographic diversity, particularly through the expansion of Dynegy's Northeast portfolio and the acquisition of a significant portfolio of power generation facilities in the Western United States. The Dynegy Board believed that such increased geographic diversity would be beneficial due to anticipated continued power demand growth in the Northeast and West.

the acquisition of both a portfolio of development projects that could provide future growth to New Dynegy, including the acquisition of the LS Power Group's approximately 40% undivided interest in the Plum Point power generation facility (Plum Point), a large-scale greenfield coal-fired generation facility under construction in Arkansas, and access to the development expertise of the LS Contributing Entities, a power project developer with a proven track record. The term greenfield project refers to a project that is developed from completely undeveloped sites, often an unused parcel of land. The Dynegy Board did not believe that Dynegy, as a stand-alone entity, had this level of capability to develop greenfield projects, and believed that it was unlikely that Dynegy could obtain that capability on better terms than through the Development LLC.

immediate improvement to financial measurements tied to cash flow, which the Dynegy Board believed would be viewed favorably by the capital markets.

the benefits of consolidation to participants in the merchant power generation industry, consisting primarily of greater portfolio diversification and economies of scale. The Dynegy Board believed that New Dynegy should be better positioned to participate in further potential sector consolidation than Dynegy, as a stand-alone entity, would be.

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the ability to use stock as a significant part of the transaction consideration, resulting in an improved credit profile. The Dynegy Board believed that New Dynegy's quantitative and qualitative credit characteristics, including its ratio of debt to capital, funds flow ratio and the predictability of its cash flow, would represent an improvement over Dynegy's current credit characteristics.

the terms of the current shareholder agreement with Chevron U.S.A. Inc. (Chevron) and the resulting impact of the Merger Agreement Transactions on Chevron's share ownership. As a result of the Merger Agreement Transactions, Chevron will hold shares of New Dynegy's Class A common stock and will no longer have the special shareholder rights it currently has in Dynegy. This was viewed to be beneficial because Dynegy sold its natural gas liquids (NGL) business in 2005, and thus Dynegy's business, and New Dynegy's business in the future, were no longer as consistent with Chevron's business objectives as in the past.

the tax-free nature of the Merger Agreement Transactions to Dynegy's shareholders. The Merger will not result in any adverse tax consequences to a Dynegy shareholder that does not have certain unusual tax attributes.

For a more detailed discussion about the Dynegy Board's reasons for the Merger, please see The Merger Recommendation of the Dynegy Board; Reasons of Dynegy for the Merger Agreement Transactions.

Q: Are there any important risks related to the Merger or New Dynegy's business of which I should be aware?

A: Yes, there are important risks involved. Before making any decision on whether and how to vote, Dynegy urges you to read carefully and in its entirety the section entitled Risk Factors beginning on page 20.

Q: Will my rights as a stockholder of New Dynegy be different from my rights as a shareholder of Dynegy?

A: Yes. As a shareholder of Dynegy (an Illinois corporation), your rights are currently governed by the Illinois Business Corporation Act (the IBCA) and Dynegy's articles of incorporation and bylaws. By voting FOR the adoption of the Merger Agreement and the approval of the Merger, you will be, in effect, approving the reincorporation of Dynegy from Illinois to Delaware, as upon the completion of the Merger you will become a stockholder of New Dynegy (a Delaware corporation). Consequently, your rights will be governed by the Delaware General Corporation Law (the DGCL) and New Dynegy's certificate of incorporation and bylaws.

As a result of the reincorporation, in effect, of Dynegy from Illinois to Delaware, your rights as a New Dynegy stockholder will be different from your rights as a Dynegy shareholder because of differences between the DGCL and the IBCA. Because of such differences, (i) Dynegy shareholders, as stockholders of New Dynegy following the completion of the Merger, will no longer be entitled to cumulative voting in the election of directors, (ii) New Dynegy's directors will be elected by plurality vote (versus the majority voting system for directors currently in effect for Dynegy) and (iii) specified corporate transactions and amendments to specified charter provisions affecting stockholder voting rights will require a majority stockholder vote under New Dynegy's certificate of incorporation rather than the super-majority (two-thirds) shareholder vote currently required under Dynegy's articles of incorporation. For further discussion regarding these differences, please see Comparison of Rights of Dynegy's Shareholders and New Dynegy's Stockholders.

Q: Who will manage New Dynegy after the Merger?

A: Dynegy's chairman and chief executive officer, Bruce A. Williamson, along with the other members of Dynegy's current executive management team and Jason Hochberg, a current executive with the LS Power Group, will lead New Dynegy. See Directors and Management of New Dynegy.

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Q: When do Dynege, New Dynege and the LS Contributing Entities expect to complete the Merger Agreement Transactions?

A: Assuming that the Merger Agreement and the Merger are approved and adopted by Dynege's shareholders and all conditions to the completion of the Merger Agreement Transactions are satisfied, the Merger Agreement Transactions are expected to be completed immediately after the special meeting of the shareholders.

Q: Who is entitled to vote at the special meeting?

A: Dynege's shareholders as of the close of business on January 29, 2007, which is the record date for the special meeting, are entitled to vote at the special meeting. As of January 29, 2007, there were 401,243,690 shares of Dynege's Class A common stock and 96,891,014 shares of Dynege's Class B common stock issued and outstanding and entitled to be voted at the special meeting.

Each share of Dynege's common stock outstanding on the record date will entitle its holder of record on such date to one vote on the Merger Agreement and the Merger.

Q: Who can attend the special meeting?

A: Because of limited seating, only Dynege's shareholders, their proxy holders and Dynege's guests may attend the special meeting. If you plan to attend the special meeting, you must have been a shareholder of record as of January 29, 2007 or, if you have beneficial ownership of shares of Dynege's common stock held by a bank, brokerage firm or other nominee, you must bring a brokerage statement or other evidence of your beneficial ownership of Dynege's common stock as of January 29, 2007 to be admitted to the special meeting. For more detailed information about attending the special meeting, please see "The Special Meeting" Special Meeting Attendance.

Q: What shareholder approvals are needed to approve the proposal?

A: The adoption of the Merger Agreement and the approval of the Merger require the affirmative vote of two-thirds of the issued and outstanding shares of (i) Dynege's Class A common stock voting as a class, (ii) Dynege's Class B common stock voting as a class and (iii) Dynege's Class A and Class B common stock voting together as a class.

Pursuant to the voting agreement, dated as of September 14, 2006, by and among Chevron and certain of the LS Contributing Entities, Chevron has agreed to vote its shares of Dynege's Class B common stock in favor of the Merger Agreement and the Merger. Chevron is the holder of all of the issued and outstanding shares of Dynege's Class B common stock. As of November 30, 2006, the shares of Dynege's Class B common stock held by Chevron represented approximately 19.4% of Dynege's outstanding common stock. In addition, Dynege's executive officers have agreed to vote their shares of Dynege's common stock in favor of the Merger Agreement and the Merger. As of November 30, 2006, Dynege's executive officers had the right to vote less than 1% of the shares of Dynege's common stock outstanding and entitled to vote at the special meeting.

Q: What happens if I sell my shares of Dynege's common stock before the special meeting?

A: The record date for the special meeting is January 29, 2007. If you transfer your shares of Dynege's common stock after the record date but before the special meeting, you will retain your right to vote at the special meeting but will transfer the right to receive one share of New Dynege's Class A common stock for each share of Dynege's common stock you hold (if the Merger is completed) to the person to whom you transfer your shares.

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Q: If I would like to submit a proxy, what do I need to do now?

A: After carefully reading and considering the information contained in this proxy statement/prospectus, please submit your proxy as soon as possible so that your shares may be represented at the special meeting. If your shares are not held in street name, which means your shares are not held of record by your broker, bank or other nominee, you can submit your proxy (i) by mail by completing, signing and dating the enclosed proxy card and mailing it in the enclosed postage-prepaid envelope for receipt prior to the date of the special meeting or (ii) by telephone or through the Internet until 11:59 p.m. Eastern Time on March 28, 2007. Instructions for voting by telephone or through the Internet are contained on the enclosed proxy card.

Q: If my shares are held in street name by my broker, will my broker vote my shares for me?

A: Your broker, bank or other nominee will vote your shares for you only if you provide instructions to it on how to vote. Any failure to instruct your nominee on how to vote with respect to the Merger Agreement and the Merger will have the effect of a vote AGAINST the adoption of the Merger Agreement and the approval of the Merger. You should follow the directions your broker, bank or other nominee provides on how to instruct it to vote your shares. If your broker, bank or other nominee holds your shares and you wish to attend the special meeting, please bring a letter from your broker, bank or other nominee identifying you as the beneficial owner of the shares and authorizing you to vote at the special meeting.

Q: What if I fail to instruct my broker?

A: If you fail to instruct your broker to vote your shares of Dynege's common stock and your broker submits an unvoted proxy, the resulting broker non-vote will have the same effect as a vote AGAINST the adoption of the Merger Agreement and the approval of the Merger.

Q: What do I do if I want to change my vote or vote in person?

A: You may revoke your vote at any time before the special meeting by:

executing and submitting a revised proxy (including by telephone or over the Internet);

sending written notice of revocation to Dynege's secretary at the address provided at the beginning of this proxy statement/prospectus; or

voting in person at the meeting.

Unless a proxy is properly revoked, shares represented by proxies will be voted at the meeting.

Q: What will happen if I do not send in my proxy or if I abstain from voting?

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A: If you do not send in your proxy or if you abstain from voting, it will have the effect of a vote AGAINST the adoption of the Merger Agreement and the approval of the Merger.

Q: Should I send in my stock certificates now?

A: No. If the Merger is completed and you hold stock certificates evidencing your shares of Dynegy's common stock, New Dynegy will send you written instructions for exchanging your Dynegy stock certificates.

Q: How will Dynegy solicit proxies?

A: Proxies may be solicited by mail or facsimile, or by Dynegy's directors, officers or employees, without extra compensation, in person or by telephone. In addition, Dynegy has retained The Altman Group to assist in the solicitation of proxies. Dynegy will reimburse brokerage houses and other custodians, nominees and fiduciaries for their reasonable out-of-pocket expenses for forwarding solicitation material to the beneficial owners of Dynegy's common stock.

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Q: What rights do I have to dissent from the Merger Agreement and the Merger?

A: If you do not vote in favor of the adoption of the Merger Agreement and the approval of the Merger and the Merger is completed, you may dissent and obtain payment for the estimated fair value of your shares under Illinois law. You must, however, comply with all of the required procedures explained under The Merger Rights of Dynegy's Shareholders Dissenting from the Merger Agreement and Merger Proposal and in Annex F to this proxy statement/prospectus.

Q: Who can help answer my questions?

A: If you have any questions about the special meeting or the Merger Agreement or the Merger Agreement Transactions, or if you need additional copies of this proxy statement/prospectus or the enclosed proxy card, you may contact:
Dynegy Inc.

1000 Louisiana Street, Suite 5800

Houston, Texas 77002

(713) 507-6400

Attention: Investor Relations Department

OR

The Altman Group

1200 Wall Street West, 3rd Floor

Lyndhurst, NJ 07071

(800) 311-8393

dyninfo@altmangroup.com

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SUMMARY

This summary is qualified in its entirety by the more detailed information included elsewhere in this proxy statement/prospectus. Because this is a summary, it may not contain all of the information that is material or important to you. You should read this entire proxy statement/prospectus carefully, including the section entitled "Risk Factors," as well as Dynegy's periodic and other reports filed with the Securities and Exchange Commission (the "SEC") under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), before making a decision. See "Where You Can Find More Information" and "Incorporation of Certain Documents by Reference."

We have provided detailed definitions for the power industry terms used in this proxy statement/prospectus in the "Glossary of Power Industry Terms" beginning on page G-1.

The Companies

DYNEGY INC.

1000 Louisiana Street

Suite 5800

Houston, Texas 77002

(713) 507-6400

Dynegy produces and sells electric energy, capacity and ancillary services in key U.S. markets. Dynegy's power generation portfolio currently consists of approximately 11,000 megawatts (MW) of generating capacity (excluding Dynegy's 351 MW Calcasieu generation facility located in Sulphur, Louisiana, which Dynegy (or New Dynegy, upon the completion of the Merger) expects to sell to Entergy Gulf States, Inc. (Entergy) in early 2008 pursuant to an agreement entered into on February 1, 2007) from baseload, intermediate and peaking power plants fueled by a mix of coal, oil and natural gas. The term "capacity" refers to the maximum electric current being transmitted or demanded for which a generation unit is rated. A "baseload plant" operates virtually all the time, a "peaking plant" can be brought online in short order to produce electricity during times of peak demand and an "intermediate plant" serves system requirements that are greater than baseload but less than peakload. "Baseload" refers to the minimum amount of electric power delivered or required over a given period of time, "peakload" refers to the greatest amount of electric power delivered or required during a specified period of time, and "intermediate load" refers to power demand between baseload and peakload. The term "generating unit" or "generation unit" refers to any combination of physically connected generator(s), reactor(s), boiler(s), combustion turbine(s), or other prime mover(s) operated together to produce electric power. A "turbine" is a machine for generating rotary mechanical power from the energy of a stream of fluid (such as water, steam or hot gas).

Dynegy was incorporated in Illinois in 1999. Dynegy's Class A common stock is listed on the New York Stock Exchange (the "NYSE") under the symbol "DYN".

LS CONTRIBUTING ENTITIES

1700 Broadway, 35th Floor

New York, New York 10019

(212) 615-3456

The LS Contributing Entities consist of LSP Gen Investors, L.P., LS Power Partners, L.P., LS Power Equity Partners PIE I, L.P., LS Power Associates, L.P. and LS Power Equity Partners, L.P. The LS Contributing Entities are part of the LS Power Group, a leading privately held power plant investor, developer and manager. Founded in 1990, the LS Power Group is a fully integrated development, investment and asset management group of companies focused on the power industry. The LS Power Group's power generation portfolio consists of approximately 8,000 MW of generating capacity from primarily natural gas-fired power plants and a development portfolio of primarily coal-fired generation projects in various stages of development.

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NEW DYNEGE (CURRENTLY NAMED DYNEGE ACQUISITION, INC.)

1000 Louisiana Street

Suite 5800

Houston, Texas 77002

(713) 507-6400

New Dynege was formed in September 2006 as a Delaware corporation and is currently a wholly owned subsidiary of Dynege. To date, New Dynege has not conducted any activities other than those related to its formation and the completion of the Merger Agreement Transactions. Upon the completion of the Merger Agreement Transactions, New Dynege's name will be changed to Dynege Inc. and its Class A common stock will be listed on the NYSE under the symbol DYN, which is the symbol under which Dynege's Class A common stock is currently listed on the NYSE.

Organization of New Dynege

The following chart depicts the anticipated organization of New Dynege upon the completion of the Merger Agreement Transactions:

New Dynege's Business

General

Upon the completion of the Merger Agreement Transactions, New Dynege's primary business will be the production and sale of electric energy, capacity and ancillary services from its fleet of 29 power generation facilities, with approximately 19,500 MW of generating capacity, operating in 13 states, (i) including Dynege's 614 MW CoGen Lyondell generation facility located in Houston, Texas, its 576 MW Bluegrass generation facility located in Oldham County, Kentucky and its 539 MW Heard County generation facility located in Heard

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County, Georgia, each of which Dynege (or New Dynege, following the completion of the Merger) will seek to sell in 2007 and (ii) excluding Dynege's 351 MW Calcasieu generation facility located in Sulphur, Louisiana, which Dynege (or New Dynege, following the completion of the Merger) expects to sell to Entergy in early 2008.

In addition to its operating generation facilities, New Dynege will own all of the LS Contributing Entities' approximate 40% undivided interest in Plum Point, a new, 665 MW coal-fired plant under construction in Arkansas. Through its interest in the Development LLC, New Dynege will also own a 50% interest in a portfolio of greenfield development projects totaling more than 7,600 MW of generating capacity and repowering and/or expansion opportunities representing approximately 2,300 MW of generating capacity, thus providing New Dynege with meaningful organic growth prospects. The term "repowering" refers to a means of increasing the output and efficiency of conventional thermal generating facilities.

New Dynege's Competitive Strengths

After giving effect to the Merger Agreement Transactions, New Dynege believes that the key strengths of its business will include:

Scale and Diversity of Assets in Key Regions of the United States. A large portion of Dynege's generating capacity is coal-fired, while New Dynege will have a more balanced portfolio of facilities using coal, natural gas and fuel oil as fuel sources. New Dynege's portfolio will also be more balanced in terms of dispatch type, with a mix of baseload, intermediate and peaking facilities. The addition of the facilities operated by the Contributed Entities in the Western and Northeastern United States will provide greater geographical diversity to the combined power generation fleet. New Dynege should also be well positioned to meet market needs by providing a variety of electric energy, capacity and ancillary services through both short- and long-term arrangements.

Financial Stability. New Dynege will sell electric energy, capacity and ancillary services through a combination of bilateral negotiated forward contracts and spot market transactions in regional central markets. The term "bilateral forward contract" refers to a direct contract between a buyer and a seller which establishes future prices and quantities of electricity being sold under such contract that will apply regardless of future spot market prices. The term "spot market" refers to a day-ahead or real-time market that determines the prices buyers and sellers are willing to accept near the actual delivery/consumption period. New Dynege's commercial strategy will be to construct a balanced portfolio of spot, mid- and long-term sales arrangements. The expected cash flows produced by that mix of arrangements should be greater and more stable than those expected from Dynege and should better support the liquidity and capital needs inherent in New Dynege's debt maturity schedule and the timing of its expected capital expenditures. New Dynege should also have the opportunity to benefit from increasing commodity prices, whether as a result of short-term or long-term increases in demand.

Proven and Mature Asset Development Platform; Repowering and Expansion Opportunities. In addition to the interest in Plum Point, New Dynege expects to benefit from the growth prospects offered by several development activities initiated by the LS Contributing Entities. Dynege does not currently have the personnel and other resources required to undertake new greenfield development projects.

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New Dynege's Competitive Weaknesses

After giving effect to the Merger Agreement Transactions, New Dynege believes that the key weaknesses of its business will include:

Significant Debt Leverage. Although Dynege's capital structure and credit ratings are expected to improve as a result of the Merger Agreement Transactions, New Dynege will remain a highly-leveraged company and its credit ratings are expected to remain below investment grade. Furthermore, even after giving effect to the credit improvements that are anticipated to result from the Merger Agreement Transactions, New Dynege's access to capital markets may be limited, and its need for liquidity to meet collateral obligations will be determined in part by market prices for power and natural gas, which are beyond New Dynege's control and are uncertain.

Exposure to the Merchant Market. As is the case with Dynege, New Dynege will operate some of its facilities as merchant facilities without term power sales agreements. Although the addition of power-generation facilities with long-term power sales arrangements as part of the Merger Agreement Transactions makes New Dynege, as a whole, less susceptible to volatility in power and commodity prices than Dynege currently, New Dynege's revenues and profitability will still remain subject to such volatility to the extent power sales agreements are not in place with respect to portions of its generating capacity.

For further information regarding New Dynege's competitive weaknesses, please see Risk Factors.

Strategy

New Dynege expects that its business strategy will include the following:

Employ a Commodity Cyclical Business Model. New Dynege intends to optimize its assets by selling electricity and capacity into the spot and term markets when pricing is most attractive. This strategy is expected to be achieved through a diverse portfolio of assets using a combination of spot market sales and term contracts that are intended to capture both short-term and long-term market opportunities.

Establish an Appropriate Capital Structure. New Dynege believes that the power industry is a commodity cyclical business with significant commodity price volatility and requiring considerable capital investment. New Dynege believes that maximizing economic returns in this market environment requires a capital structure that can withstand power price volatility as well as a commercial strategy that captures the value associated with both short-term and long-term price trends. New Dynege intends to employ a capital structure that is responsive to the market environment and its commercial strategy.

Focus on Operational Excellence. New Dynege will focus on maintaining and enhancing Dynege's operating track record through increased plant availability, higher dispatch and capacity factors and improved cost controls. New Dynege will also continue Dynege's commitment to operating its facilities in a safe, reliable and environmentally compliant manner.

Positioned for Regional Market Recovery. New Dynege will operate a balanced portfolio of generation assets that is diversified in terms of geography, fuel type and dispatch profile. As a result, New Dynege believes its substantial coal-fired, baseload fleet should continue to benefit from the impact of higher natural gas prices on power prices in the Midwest and Northeast, allowing it to capture greater margins, while New Dynege's efficient combined cycle units should provide meaningful cash flows and should benefit from improved margins as demand increases in the Western and New England markets. The term combined cycle refers to an electric generating technology in which additional electricity is produced from otherwise lost waste heat exiting from one or more gas combustion turbines.

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The Merger and the Contributions

The Merger (Page 150)

As part of the Merger, Merger Sub, a new, wholly owned subsidiary of New Dynege, will merge with and into Dynege, as a result of which Dynege will become a wholly owned subsidiary of New Dynege.

Dynege Shareholder Vote Required (Page 35)

The adoption of the Merger Agreement and the approval of the Merger will require the affirmative vote of two-thirds of the issued and outstanding shares of (i) Dynege's Class A common stock voting as a class, (ii) Dynege's Class B common stock voting as a class and (iii) Dynege's Class A common stock and Class B common stock voting together as a class. Each share of Dynege's common stock outstanding on the record date will entitle its holder of record on such date to one vote on the adoption of the Merger Agreement and the approval of the Merger.

What Dynege Shareholders Will Receive in the Merger (Page 150)

Upon completion of the Merger, each Dynege shareholder will be entitled to receive one share of Class A common stock, par value \$0.01 per share, of New Dynege for each share of common stock of Dynege owned by such shareholder immediately prior to the closing of the Merger. The shares of Dynege's outstanding Class B common stock, which are held by Chevron, will be exchanged for shares of New Dynege's Class A common stock upon completion of the Merger. The shares of New Dynege's Class A common stock issued to Dynege shareholders in connection with the Merger will constitute approximately 60% of the common stock of New Dynege that will be outstanding upon the completion of the Merger. Upon the completion of the Merger, New Dynege's Class A common stock will be listed on the NYSE under the symbol DYN, which is the symbol under which Dynege's Class A common stock is currently listed on the NYSE.

What the LS Contributing Entities Will Transfer to New Dynege (Page 150)

In connection with the completion of the Merger, the Contributions will be effected by or through:

the sale by the LS Contributing Entities to New Dynege of all of the outstanding equity interests in certain entities that collectively own an operating power plant in Kendall County, Illinois (known as Kendall) (the Kendall Interests), resulting in New Dynege ownhe Supervision of the Financial Sector (*Commission de Surveillance du Secteur Financier*). Clearstream Participants are recognized financial institutions around the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations and may include the underwriters. Indirect access to Clearstream is also available to others, such as banks, brokers, dealers and trust companies, that clear through or maintain a custodial relationship with a Clearstream Participant, either directly or indirectly. Distributions with respect to Senior Notes held beneficially through Clearstream will be credited to cash accounts of Clearstream Participants in accordance with its rules and procedures, to the extent received by the U.S. depository for Clearstream.

Euroclear was created in 1968 to hold securities for participants of Euroclear, or Euroclear Participants, and to clear and settle transactions between Euroclear Participants through simultaneous electronic book-entry delivery against payment, thereby eliminating the need for physical movement of certificates and any risk from lack of simultaneous transfers of securities and cash. Euroclear includes various other services, including securities lending and borrowing and interfaces with domestic markets in several countries.

Euroclear is operated by Euroclear Bank S.A./N.V., or the Euroclear Operator. All operations are conducted by the Euroclear Operator, and all Euroclear securities clearance accounts and Euroclear cash accounts are accounts with the Euroclear Operator. Euroclear Participants include banks (including central banks), securities brokers and dealers and other professional financial intermediaries and may include the underwriters. Indirect access to Euroclear is also available to other firms that clear through or maintain a custodial relationship with a Euroclear Participant, either directly or indirectly.

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The Terms and Conditions Governing Use of Euroclear and the related Operating Procedures of the Euroclear System, or the Euroclear Terms and Conditions, and applicable Belgian law govern securities clearance accounts and cash accounts with the Euroclear Operator. Specifically, these terms and conditions govern transfers of securities and cash within Euroclear, withdrawals of securities and cash from Euroclear, and receipt of payments with respect to securities in Euroclear. All securities in Euroclear are held on a fungible basis without attribution of specific certificates to specific securities clearance accounts. The Euroclear Operator acts under the terms and conditions only on behalf of Euroclear Participants, and has no record of or relationship with persons holding securities through Euroclear Participants.

Distributions with respect to Senior Notes held beneficially through Euroclear will be credited to the cash accounts of Euroclear Participants in accordance with the Euroclear Terms and Conditions, to the extent received by the U.S. depository for Euroclear.

Secondary market trading between Clearstream Participants and/or Euroclear Participants will occur in the ordinary way in accordance with the applicable rules and operating procedures of Clearstream and Euroclear and will be settled using the procedures applicable to conventional Eurobonds in immediately available funds.

Cross-market transfers between persons holding directly or indirectly through DTC on the one hand, and directly or indirectly through Clearstream or Euroclear Participants, on the other, will be effected in DTC in accordance with the DTC rules on behalf of the relevant European international clearing system by its U.S. depository; however, such cross-market transactions will require delivery of instructions to the relevant European international clearing system by the counterparty in such system in accordance with its rules and procedures and within its established deadlines (European time). The relevant European international clearing system will, if the transaction meets its settlement requirements, deliver instructions to its U.S. depository to take action to effect final settlement on its behalf by delivering interests in the Senior Notes to or receiving interests in the Senior Notes from DTC, and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to DTC. Clearstream Participants and Euroclear Participants may not deliver instructions directly to DTC.

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Because of time-zone differences, credits of interests in the Senior Notes received in Clearstream or Euroclear as a result of a transaction with a DTC Participant will be made during subsequent securities settlement processing and will be credited the business day following the DTC settlement date. Such credits or any transactions involving interests in such Senior Notes settled during such processing will be reported to the relevant Euroclear or Clearstream Participants on such business day. Cash received in Clearstream or Euroclear as a result of sales of interests in the Senior Notes by or through a Clearstream Participant or a Euroclear Participant to a DTC Participant will be received with value on the DTC settlement date but will be available in the relevant Clearstream or Euroclear cash account only as of the business day following settlement in DTC.

DTC, Clearstream and Euroclear have agreed to the foregoing procedures in order to facilitate transfers of the Senior Notes among participants of DTC, Clearstream and Euroclear. However, they are under no obligation to perform or continue to perform those procedures, and they may discontinue those procedures at any time.

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CERTAIN MATERIAL U.S. FEDERAL INCOME TAX CONSIDERATIONS FOR NON-U.S. HOLDERS

This discussion summarizes certain material U.S. federal income tax considerations relating to the Senior Notes applicable to Non-U.S. Holders (as defined below). This discussion only applies to Senior Notes that are held as capital assets, within the meaning of Section 1221 of the Internal Revenue Code of 1986, as amended (the Code), and that are purchased on original issuance at the first price at which a substantial portion of such Notes is sold for cash (other than to bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers), by Non-U.S. Holders (as defined below). This discussion is based on interpretations of the Code, Treasury regulations issued thereunder, and rulings and decisions currently in effect (or in some cases proposed), all of which are subject to change. Any such change may be applied retroactively and may adversely affect the U.S. federal income tax consequences described herein. **This discussion does not deal with all of the U.S. federal income tax consequences that may be relevant to Non-U.S. Holders in light of their particular circumstances or to investors subject to special treatment under U.S. federal income tax laws, nor does it deal with the tax consequences under the laws of any foreign, state or local taxing jurisdictions. Accordingly, prospective investors are urged to consult their own tax advisers with respect to the U.S. federal, state and local tax consequences of investing in the Senior Notes, as well as any consequences arising under the laws of any other taxing jurisdiction to which they may be subject.**

As used in this discussion, the term Non-U.S. Holder means a beneficial owner of Senior Notes that is, for U.S. federal income tax purposes:

a nonresident alien individual (but not a U.S. expatriate),

a foreign corporation other than a controlled foreign corporation or a passive foreign investment company,

an estate whose income is not subject to U.S. federal income tax on a net income basis, or

a trust if no court within the United States is able to exercise primary jurisdiction over its administration or if no U.S. persons have the authority to control all of its substantial decisions, and that does not have a valid election in effect under the applicable Treasury regulations to be treated as a United States person as defined under the Code.

If a partnership holds Senior Notes, the tax treatment of a partner generally will depend upon the status of the partner and the activities of the partnership. Partners of a partnership holding Senior Notes should consult their own tax advisers.

Subject to the discussion below of backup withholding and the Foreign Account Tax Compliance Act, interest payments on the Senior Notes to Non-U.S. Holders generally will not be subject to U.S. federal income or withholding tax if the following conditions are satisfied:

the Non-U.S. Holder does not actually or constructively own 10% or more of the total combined voting power of all classes of the Company's stock entitled to vote within the meaning of Section 871(h)(3) of the Code,

the Non-U.S. Holder is not a controlled foreign corporation for U.S. federal income tax purposes that is related to the Company through actual or constructive ownership,

the Non-U.S. Holder is not a bank whose receipt of interest on the Senior Notes is described in Section 881(c)(3)(A) of the Code,

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the payments are not effectively connected with a trade or business conducted by the Non-U.S. Holder in the United States (or, in the case of an applicable income tax treaty, is not attributable to a permanent establishment or a fixed base that the Non-U.S. Holder maintains in the United States), and

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either (a) the Non-U.S. Holder provides a correct, complete and executed Internal Revenue Service (IRS) Form W-8BEN, Form W-8BEN-E, Form W-8EXP or Form W-8IMY (or suitable successor or substitute form) with all of the attachments required by the IRS, or (b) the Non-U.S. Holder holds its Senior Notes through a qualified intermediary (generally a foreign financial institution or clearing organization or a non-U.S. branch or office of a U.S. financial institution or clearing organization that is a party to a withholding agreement with the IRS), which has provided an IRS Form W-8IMY (or suitable successor or substitute form) stating that it is a qualified intermediary and has received documentation upon which it can rely to treat the payment as made to a foreign person.

If any of the conditions described above are not satisfied, interest on the Senior Notes will be subject to a 30% withholding tax when paid, unless either the Non-U.S. Holder provides a correct, complete and executed IRS Form W-8BEN or Form W-8BEN-E claiming that an income tax treaty reduces or eliminates the tax, or the interest is effectively connected with the conduct of a U.S. trade or business and the Non-U.S. Holder provides a correct, complete and executed IRS Form W-8ECI. In the latter event, Non-U.S. Holders will generally be subject to U.S. federal income tax with respect to all income from the Senior Notes in the same manner as a United States person, as defined under the Code. In addition, Non-U.S. Holders that are corporations could be subject to a branch profits tax on such income.

Subject to the discussion below of backup withholding and the Foreign Account Tax Compliance Act, in general, gain realized on the sale, exchange or other taxable disposition of the Senior Notes by a Non-U.S. Holder generally will not be subject to U.S. federal income tax, unless:

the gain with respect to the Senior Notes is effectively connected with a trade or business conducted by the Non-U.S. Holder in the United States (and, if required by an applicable income tax treaty, is attributable to a U.S. permanent establishment or a fixed base that the Non-U.S. Holder maintains in the U.S.), in which case the gain will be taxed in the same manner as interest that is effectively connected to such trade or business, or

the Non-U.S. Holder is a nonresident alien individual who holds the Senior Notes as a capital asset and is present in the United States for more than 182 days in the taxable year of the sale or other disposition of the Senior Notes and certain other conditions are satisfied.

Backup withholding will not be required with respect to interest paid to Non-U.S. Holders, so long as the Company has received from the Non-U.S. Holder a correct and complete IRS Form W-8BEN, Form W-8BEN-E, Form W-8ECI, Form W-8EXP or Form W-8IMY (or suitable successor or substitute form) with all of the attachments required by the IRS and provided that the Company does not have actual knowledge or reason to know that the Non-U.S. Holder is a United States person, as defined under the Code. Interest paid to a Non-U.S. Holder will be reported on IRS Form 1042-S, which is filed with the IRS and sent to Non-U.S. Holders.

Information reporting and backup withholding may apply to the proceeds of a sale of Senior Notes by a Non-U.S. Holder made within the United States or conducted through certain U.S. related financial intermediaries, unless the Company receives one of the IRS tax forms described above and provided that the Company does not have actual knowledge or reason to know that the Non-U.S. Holder is a United States person, as defined under the Code.

Backup withholding is not an additional tax and may be refunded (or credited against a Non-U.S. Holder's U.S. federal income tax liability, if any), provided that the required information is timely furnished to the IRS. The information reporting requirements may apply regardless of whether withholding is required. For Non-U.S. Holders, copies of the information returns reporting such interest and withholding also may be made available to the tax authorities in the country in which a Non-U.S. Holder is a resident under the provisions of an applicable income tax treaty or agreement.

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Foreign Account Tax Compliance Act

Under the Foreign Account Tax Compliance Act (FATCA) and guidance issued by the IRS, a United States federal withholding tax of 30% generally applies to interest on a debt obligation, including a Senior Note, and, after December 31, 2018, the gross proceeds from the sale, exchange or other taxable disposition of a debt obligation, including a Senior Note, in each case, paid to certain non-United States entities (including, in some circumstances, where such an entity is acting as an intermediary) that fail to comply with certain certification and information reporting requirements.

Prospective holders of Senior Notes should consult their own tax advisers regarding the effect, if any, of the FATCA rules for them based on their particular circumstances.

Table of Contents**UNDERWRITING**

Under the terms and subject to the conditions contained in an underwriting agreement, dated the date of this prospectus supplement (Underwriting Agreement), the underwriters named below have severally and not jointly agreed to purchase, and we have agreed to sell to them, the principal amounts of the Senior Notes set forth opposite their names below:

Name	Principal Amount of the Senior Notes
BNP Paribas Securities Corp.	\$ 224,000,000
Credit Suisse Securities (USA) LLC	224,000,000
U.S. Bancorp Investments, Inc.	224,000,000
BB&T Capital Markets, a division of BB&T Securities, LLC	21,000,000
C.L. King & Associates, Inc.	7,000,000
 Total	 \$ 700,000,000

BNP Paribas Securities Corp., Credit Suisse Securities (USA) LLC and U.S. Bancorp Investments, Inc. are acting as joint book-running managers in connection with the offering of the Senior Notes.

The Underwriting Agreement provides that the obligation of the several underwriters to purchase and pay for the Senior Notes is subject to, among other things, the approval of certain legal matters by their counsel and certain other conditions. The underwriters are obligated to take and pay for all of the Senior Notes if any are taken.

The underwriters initially propose to offer the Senior Notes directly to the public at the public offering price set forth on the cover page of this prospectus supplement. The underwriters may also initially offer part of the Senior Notes to certain dealers at a price that represents a concession not in excess of 0.40% of the principal amount of the Senior Notes. The underwriters may allow, and any such dealers may reallow, a concession to certain other dealers not to exceed 0.25% of the principal amount of the Senior Notes. After the initial offering of the Senior Notes, the offering price and other selling terms may from time to time be varied by the underwriters. The offering of the Senior Notes by the underwriters is subject to receipt and acceptance and subject to the underwriters' right to reject any order in whole or in part.

We estimate that the total expenses of the offering, not including the underwriting discount, will be approximately \$800,000.

We have agreed to indemnify each of the underwriters and their controlling persons against certain liabilities, including liabilities under the Securities Act of 1933, as amended, or to contribute to payments the underwriters may be required to make in respect of those liabilities.

No application is being or is intended to be made for the listing or trading of the Senior Notes on any securities exchange or trading facility or to include them in any automated quotation system, but we have been advised by the underwriters that they intend to make a market in the Senior Notes. The underwriters are not obligated, however, to do so and may discontinue their market making at any time without notice. No assurance can be given as to the development, maintenance or liquidity of the trading market, if any, for the Senior Notes.

In order to facilitate the offering of the Senior Notes, the underwriters may engage in transactions that stabilize, maintain or otherwise affect the price of the Senior Notes. Specifically, the underwriters may overallocate in connection with the offering, creating a short position in the Senior Notes for the underwriters. In addition, to cover overallocations or to stabilize the price of the Senior Notes, the underwriters may bid for, and purchase, the Senior Notes in the open market. Finally, the underwriters may also impose a penalty bid by reclaiming selling concessions allowed to a dealer for distributing the Senior Notes in the offering, if they repurchase previously

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distributed Senior Notes in transactions to cover short positions, in stabilization transactions or otherwise. Any of these activities may stabilize or maintain the market price for the Senior Notes above independent market levels. The underwriters are not required to engage in these activities and may end any of these activities at any time.

The underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Certain of the underwriters and their respective affiliates have provided, and may in the future provide, a variety of these services to the issuer and to persons and entities with relationships with the issuer, for which they received or will receive customary fees and expenses.

In addition, in the ordinary course of their business activities, the underwriters and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of ours or our affiliates. If any of the underwriters or their affiliates has a lending relationship with us, certain of those underwriters or their affiliates routinely hedge and certain other of those underwriters or their affiliates may hedge their credit exposure to us consistent with their customary risk management policies. Typically, these underwriters and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in our securities, including potentially the Senior Notes offered hereby. Any such credit default swaps or short positions could adversely affect future trading prices of the Senior Notes offered hereby. The underwriters and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Selling Restrictions

European Economic Area

The Senior Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (EEA). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, MiFID II); or (ii) a customer within the meaning of Directive 2002/92/EC (as amended, the Insurance Mediation Directive), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended, the Prospectus Directive). Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the PRIIPs Regulation) for offering or selling the Senior Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Senior Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation. This prospectus supplement and the accompanying prospectus have been prepared on the basis that any offer of Senior Notes in any Member State of the EEA will be made pursuant to an exemption under the Prospectus Directive from the requirement to publish a prospectus for offers of Senior Notes. This prospectus supplement and the accompanying prospectus are not a prospectus for the purposes of the Prospectus Directive.

United Kingdom

In addition, in the United Kingdom, this prospectus supplement is being distributed only to, and is directed only at, and any offer subsequently made may only be directed at persons who are qualified investors (as defined in the Prospectus Directive) (i) who have professional experience in matters relating to investments falling within Article 19 (5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the Order) and/or (ii) who are high net worth companies (or persons to whom it may otherwise be lawfully communicated) falling within Article 49(2)(a) to (d) of the Order (all such persons together being

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referred to as relevant persons). This prospectus supplement must not be acted on or relied on in the United Kingdom by persons who are not relevant persons. In the United Kingdom, any investment or investment activity to which this document relates is only available to, and will be engaged in with, relevant persons.

Switzerland

This prospectus supplement and the accompanying prospectus do not constitute an issue prospectus pursuant to Article 652a or Article 1156 of the Swiss Code of Obligations and the Senior Notes will not be listed on the SIX Swiss Exchange. Therefore, this prospectus supplement and the accompanying prospectus may not comply with the disclosure standards of the listing rules (including any additional listing rules or prospectus schemes) of the SIX Swiss Exchange. Accordingly, the Senior Notes may not be offered to the public in or from Switzerland, but only to a selected and limited circle of investors who do not subscribe to the Senior Notes with a view to distribution. Any such investors will be individually approached by the underwriters from time to time.

Hong Kong

The Senior Notes may not be offered or sold by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap. 32, Laws of Hong Kong), or (ii) to professional investors within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a prospectus within the meaning of the Companies Ordinance (Cap. 32, Laws of Hong Kong), and no advertisement, invitation or document relating to the Senior Notes may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to Senior Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

Singapore

This prospectus supplement and the accompanying prospectus have not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus supplement, the accompanying prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Senior Notes may not be circulated or distributed, nor may the Senior Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the SFA), (ii) to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Senior Notes are subscribed or purchased under Section 275 by a relevant person which is: (a) a corporation (which is not an accredited investor) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an accredited investor, shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest in that trust shall not be transferable for six months after that corporation or that trust has acquired the Senior Notes under Section 275 except: (1) to an institutional investor under Section 274 of the SFA or to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA; (2) where no consideration is given for the transfer; or (3) by operation of law.

Japan

The Senior Notes have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (the Financial Instruments and Exchange Law) and each underwriter has agreed that it will not

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offer or sell any Senior Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Law and any other applicable laws, regulations and ministerial guidelines of Japan.

Taiwan

The Senior Notes have not been and will not be registered or filed with, or approved by, the Financial Supervisory Commission of Taiwan pursuant to relevant securities laws and regulations and may not be offered or sold in Taiwan through a public offering or in circumstances which constitute an offer within the meaning of the Securities and Exchange Act of Taiwan or relevant laws and regulations that require a registration, filing or approval of the Financial Supervisory Commission of Taiwan. No person or entity in Taiwan has been authorized to offer or sell the Senior Notes in Taiwan.

Canada

The Senior Notes may be sold only to purchasers in the provinces of Canada purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 *Prospectus Exemptions* or subsection 73.3(1) of the *Securities Act* (Ontario), and are permitted clients, as defined in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*. Any resale of the Senior Notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this prospectus supplement (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105 *Underwriting Conflicts* (NI 33-105), the underwriters are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

Conflicts of Interest

As described in USE OF PROCEEDS on page S-9, some of the net proceeds of this offering may be used to repay short-term debt, including commercial paper. If more than 5% of the net proceeds of this offering, not including underwriting compensation, will be received by affiliates of any underwriter in this offering, this offering will be conducted in compliance with FINRA Rule 5121, as administered by the Financial Industry Regulatory Authority. Pursuant to that rule, the appointment of a qualified independent underwriter is not necessary in connection with this offering.

U.S. Bank National Association is the trustee under the Senior Indenture that governs the Senior Notes. U.S. Bancorp Investments, Inc., an affiliate of U.S. Bank National Association, is an underwriter for this offering. Pursuant to the Trust Indenture Act of 1939, if an event of default were to occur with respect to the Senior Notes, U.S. Bank National Association may be deemed to have a conflicting interest, by virtue of being an affiliate of one of the underwriters of the Senior Notes. In that event, U.S. Bank National Association would be required to resign or eliminate the conflicting interest.

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LEGAL MATTERS

Certain legal matters in connection with the offering of the Senior Notes will be passed upon for us by McGuireWoods LLP and for the underwriters by Troutman Sanders LLP, which also performs certain legal services for us and our affiliates on other matters.

EXPERTS

The consolidated financial statements incorporated in this prospectus supplement by reference from the Company's Annual Report on Form 10-K for the year ended December 31, 2017 have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report, which is incorporated herein by reference. Such financial statements have been so incorporated in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

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PROSPECTUS

VIRGINIA ELECTRIC AND POWER COMPANY

120 Tredegar Street

Richmond, Virginia 23219

(804) 819-2000

Senior Debt Securities

Junior Subordinated Notes

From time to time, we may offer and sell our securities in one or more series under this prospectus.

We will file prospectus supplements and may provide other offering materials that furnish specific terms of the securities to be offered under this prospectus. The terms of the securities will include whether they are senior or subordinated, the initial offering price, aggregate amount of the offering, listing on any securities exchange or quotation system, investment considerations and the agents, dealers or underwriters, if any, to be used in connection with the sale of the securities. You should read this prospectus and any supplement or other offering materials carefully before you invest.

Investing in our securities involves risks. For a description of these risks, see [Risk Factors](#) on page 4 of this prospectus and the Risk Factors section of our most recent Annual Report on Form 10-K and in our other reports we file with the Securities and Exchange Commission.

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. Any representation to the contrary is a criminal offense.

This prospectus is dated September 11, 2017.

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ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that we filed with the Securities and Exchange Commission (SEC) using a shelf registration process. Under this shelf process, we may, from time to time, sell any combination of the securities described in this prospectus in one or more offerings up to an unspecified dollar amount.

This prospectus provides you with a general description of the securities we may offer. Each time we sell securities, we will provide a prospectus supplement or other offering materials that will contain specific information about the terms of that offering. Material federal income tax considerations applicable to the offered securities will also be discussed in the applicable prospectus supplement or other offering materials as necessary. The prospectus supplement or other offering materials may also add, update or change information contained in this prospectus. You should read this prospectus, any prospectus supplement or other offering materials together with additional information described under the heading WHERE YOU CAN FIND MORE INFORMATION. When we use the terms we, our, us, or the Company in this prospectus, we are referring to Virginia Electric and Power Company.

WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and current reports, and other information with the SEC. Our file number with the SEC is 000-55337. Our SEC filings are available to the public over the Internet at the SEC's web site at <http://www.sec.gov>. You may also read and copy any document we file at the SEC's public reference room at 100 F. Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room.

The SEC allows us to incorporate by reference the information we file with it, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is considered to be part of this prospectus and information that we file later with the SEC will automatically update or supersede this information. We make some of our filings with the SEC on a combined basis with our parent company, Dominion Energy, Inc. (Dominion Energy), and another subsidiary of Dominion Energy, Dominion Energy Gas Holdings, LLC (Dominion Energy Gas). Our combined filings with the SEC present separate filings by each of Dominion Energy, Dominion Energy Gas and the Company. Information contained therein relating to an individual registrant is filed by that registrant on its own behalf and each registrant makes no representation as to information relating to the other registrants. We incorporate by reference the documents listed below (other than any portions of the documents not deemed to be filed) and any future filings made with the SEC under Sections 13(a), 13(c), 14, or 15(d) of the Securities Exchange Act of 1934, as amended (the Exchange Act), except those portions of filings that relate to Dominion Energy or Dominion Energy Gas as a separate registrant, until we sell all of the securities covered by this prospectus:

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Annual Report on Form 10-K for the year ended December 31, 2016;

Quarterly Reports on Form 10-Q for the quarters ended March 31, 2017 and June 30, 2017; and

Current Report on Form 8-K, filed March 16, 2017.

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You may request a copy of any of the documents incorporated by reference at no cost, by writing or telephoning us at:

Corporate Secretary

Virginia Electric and Power Company

120 Tredegar Street

Richmond, Virginia 23219

Telephone (804) 819-2000

You should rely only on the information incorporated by reference or provided in this prospectus or any prospectus supplement. We have not authorized anyone else to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. This prospectus may only be used where it is legal to sell these securities. The information which appears in this prospectus and which is incorporated by reference in this prospectus may only be accurate as of the date of this prospectus or the date of the document in which incorporated information appears. Our business, financial condition, results of operations and prospects may have changed since that date.

SAFE HARBOR AND CAUTIONARY STATEMENTS

This prospectus or other offering materials may contain or incorporate by reference forward-looking statements. Examples include discussions as to our expectations, beliefs, plans, goals, objectives and future financial or other performance. These statements, by their nature, involve estimates, projections, forecasts and uncertainties that could cause actual results or outcomes to differ substantially from those expressed in the forward-looking statements. Factors that could cause actual results to differ from those in the forward-looking statements may accompany the statements themselves; generally applicable factors that could cause actual results or outcomes to differ from those expressed in the forward-looking statements will be discussed in our reports on Forms 10-K, 10-Q and 8-K incorporated by reference herein and in prospectus supplements and other offering materials.

By making forward-looking statements, we are not intending to become obligated to publicly update or revise any forward-looking statements whether as a result of new information, future events or other changes. Readers are cautioned not to place undue reliance on any forward-looking statements, which speak only as at their dates.

THE COMPANY

The Company, headquartered in Richmond, Virginia and incorporated in Virginia in 1909 as a Virginia public service corporation, is a regulated public utility that generates, transmits and distributes electricity for sale in Virginia and North Carolina. In Virginia, we conduct business under the name Dominion Energy Virginia and primarily serve retail customers. In North Carolina, we conduct business under the name Dominion Energy North Carolina and serve retail customers located in the northeastern region of the state, excluding certain municipalities. In addition, we sell electricity at wholesale prices to rural electric cooperatives, municipalities and into wholesale electricity markets.

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All of our common stock is owned by our parent company, Dominion Energy. Dominion Energy, headquartered in Richmond, Virginia and incorporated in Virginia in 1983, is one of the nation's largest producers and transporters of energy, with a portfolio of approximately 26,200 megawatts of generation, 15,000 miles of natural gas transmission, gathering and storage pipeline, and 6,600 miles of electric transmission lines. Dominion Energy also operates one of the nation's largest natural gas storage systems with 1 trillion cubic feet of storage capacity and serves more than 6 million utility and retail energy customers. Dominion Energy is not guaranteeing any of the securities described in this prospectus.

Our address and telephone number are: Virginia Electric and Power Company, 120 Tredegar Street, Richmond, Virginia 23219, Telephone (804) 819-2000.

For additional information about us, see WHERE YOU CAN FIND MORE INFORMATION on page 2.

RISK FACTORS

Investing in our securities involves certain risks. Our business is influenced by many factors that are difficult to predict, involve uncertainties that may materially affect actual results and are often beyond our control. We have identified a number of these factors under the heading "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2016, which are incorporated by reference in this prospectus, as well as in other information included or incorporated by reference in this prospectus and any prospectus supplement. In consultation with your own financial and legal advisers, you should carefully consider, among other matters, the discussions of risks that we have incorporated by reference before deciding whether an investment in our securities is suitable for you. See WHERE YOU CAN FIND MORE INFORMATION on page 2.

USE OF PROCEEDS

Unless otherwise indicated in the applicable prospectus supplement or other offering materials, we will use the net proceeds from the sale of securities offered by this prospectus to finance capital expenditures and to retire or redeem debt securities issued by us and for other general corporate purposes which may include the repayment of commercial paper or debt under any of our credit facilities.

DESCRIPTION OF SECURITIES

The term Securities includes the Senior Debt Securities and the Junior Subordinated Notes. We will issue the Senior Debt Securities in one or more series under (i) our Senior Indenture to be entered into (the 2017 Senior Indenture) between us and U.S. Bank National Association, as trustee, as supplemented from time to time, or (ii) our Senior Indenture dated as of June 1, 1998 (the 1998 Senior Indenture) between us and The Bank of New York Mellon, as successor to JPMorgan Chase Bank, N.A. (formerly The Chase Manhattan Bank), as trustee, as amended and as supplemented from time to time. We will issue the Junior

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Subordinated Notes in one or more series under our Subordinated Indenture dated as of August 1, 1995 (the Subordinated Indenture and, together with the 2017 Senior Indenture and the 1998 Senior Indenture, the Indentures) between us and The Bank of New York Mellon, as successor to JPMorgan Chase Bank, N.A. (formerly The Chase Manhattan Bank), as trustee, as amended and as supplemented from time to time.

We have summarized certain terms of the Securities below. The Indentures are filed as exhibits to the registration statement, and you should read the Indentures for provisions that may be important to you. In the summary below, we have included references to applicable section numbers of the Indentures so that you can easily locate the provisions being discussed. For purposes of the summary, we refer to the Senior Debt Securities issued under the 2017 Senior Indenture as the Senior Debt Securities (2017) and the Senior Debt Securities issued under the 1998 Senior Indenture as the Senior Debt Securities (1998). We also refer to the Senior Debt Securities issued under the 2017 Senior Indenture together with the Junior Subordinated Notes as the Debt Securities. Capitalized terms used but not defined in the summary below have the meanings specified in the applicable Indenture.

General

The Senior Debt Securities will be our direct, unsecured obligations and will rank equally with all of our other senior and unsubordinated debt, except to the extent provided in the applicable prospectus supplement or other offering materials. The Junior Subordinated Notes will be our direct, unsecured obligations and are junior in right of payment to our Senior Indebtedness, as described under the caption Additional Terms of Junior Subordinated Notes Subordination below.

Our ability to meet our obligations under the Securities is dependent on our earnings and cash flows. As of June 30, 2017, we had approximately \$11.3 billion in aggregate principal amount of outstanding long-term debt (including securities due within one year). In addition, we have a commercial paper program that as of August 31, 2017 had an outstanding balance of \$175 million.

There is no limitation on the amount of Securities that we may issue. We may issue Securities from time to time under the Indentures in one or more series by entering into supplemental indentures and by our Board of Directors or duly authorized officers authorizing the issuance.

The Indentures do not protect the holders of Securities if we engage in a highly leveraged transaction.

Description of the Senior Debt Securities (2017) and Junior Subordinated Notes

Provisions of a Particular Series

The Debt Securities of a series need not be issued at the same time, bear interest at the same rate or mature on the same date. Unless otherwise provided in the terms of a series, a

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series may be reopened, without notice to or consent of any holder of outstanding Debt Securities, for issuances of additional Debt Securities of that series. The prospectus supplement or other offering materials for a particular series of Debt Securities will describe the terms of that series, including, if applicable, some or all of the following:

the title and type of the Debt Securities;

the total principal amount of the Debt Securities;

the portion of the principal payable upon acceleration of maturity, if other than the entire principal;

the date or dates on which principal is payable or the method for determining the date or dates, and any right that we have to change the date on which principal is payable;

the interest rate or rates, if any, or the method for determining the rate or rates, and the date or dates from which interest will accrue;

any interest payment dates and the regular record date for the interest payable on each interest payment date, if any;

any payments due if the maturity of the Debt Securities is accelerated;

any optional redemption terms, or, with respect to the Senior Debt Securities (2017), any terms regarding repayment at the option of the holder;

if the Debt Securities are convertible into or exchangeable for other securities, and if so, the conversion terms and conditions;

any provisions that would obligate us to repurchase or otherwise redeem the Debt Securities, or, with respect to the Senior Debt Securities (2017), any sinking fund provisions;

the currency in which payments will be made if other than U.S. dollars, and the manner of determining the equivalent of those amounts in U.S. dollars;

if payments may be made, at our election or at the holder's election, in a currency other than that in which the Debt Securities are stated to be payable, then the currency in which those payments may be made, the terms and conditions of the election and the manner of determining those amounts;

any index or formula used for determining principal, interest, or premium, if any;

the percentage of the principal amount at which the Debt Securities will be issued, if other than 100% of the principal amount;

whether the Debt Securities are to be issued in fully registered certificated form or in book-entry form, represented by certificates deposited with the applicable trustee and registered in the name of a securities depository or its nominee (Book-Entry Debt Securities);

denominations, if other than \$1,000 each or multiples of \$1,000;

any rights that would allow us to defer or extend an interest payment date in connection with any series of Debt Securities;

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in the case of Senior Debt Securities (2017), the identity of the series trustee, if other than the Trustee;

any changes to events of defaults or covenants;

if any series of Senior Debt Securities (2017) will not be subject to defeasance or covenant defeasance;
and

any other terms of the Debt Securities. (*Sections 201 & 301 of the 2017 Senior Indenture & Sections 201 & 301 of the Subordinated Indenture.*)

The prospectus supplement will also indicate any special tax implications of the Debt Securities and any provisions granting special rights to holders when a specified event occurs.

Conversion or Redemption

No Debt Security will be subject to conversion, amortization, or redemption, unless otherwise provided in the applicable prospectus supplement or other offering materials. Any provisions relating to the conversion, amortization or redemption of Debt Securities will be set forth in the applicable prospectus supplement or other offering materials, including whether conversion, amortization or redemption is mandatory or at our option. If no redemption date or redemption price is indicated with respect to a Debt Security, we may not redeem the Debt Security prior to its Stated Maturity. Debt Securities subject to redemption by us will be subject to the following terms:

redeemable on and after the applicable redemption dates;

redemption dates and redemption prices fixed at the time of sale and set forth on the Debt Security; and

redeemable in whole or in part (provided that any remaining principal amount of the Debt Security will be equal to an authorized denomination) at our option at the applicable redemption price, together with interest, payable to the date of redemption, on notice given not more than 60 nor less than 30 days with respect to the Subordinated Indenture, and not more than 60 nor less than 20 days with respect to the 2017 Senior Indenture, before the date of redemption. (*Section 1104 of the 2017 Senior Indenture & Section 1104 of the Subordinated Indenture.*)

We will not be required to:

issue, register the transfer of, or exchange any Senior Debt Securities (2017) of a series during the period beginning 15 days before the date the Senior Debt Securities (2017) of that series are selected for redemption;

issue, register the transfer of, or exchange any Junior Subordinated Notes of a series during the period beginning 15 days before the date the notice is mailed identifying the Junior Subordinated Notes of that series that have been selected for redemption; or

register the transfer of, or exchange any Debt Security of that series selected for redemption except the unredeemed portion of a Debt Security being partially redeemed. (*Section 305 of the 2017 Senior Indenture & Section 303 of the Subordinated Indenture.*)

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Option to Extend Interest Payment Period

If elected in the applicable supplemental indenture, we may defer interest payments by extending the interest payment period for the number of consecutive extension periods specified in the applicable prospectus supplement or other offering materials (each, an Extension Period). Other details regarding the Extension Period will also be specified in the applicable prospectus supplement or other offering materials. No Extension Period may extend beyond the maturity of the applicable series of Debt Securities. At the end of the Extension Period(s), we will pay all interest then accrued and unpaid, together with interest compounded quarterly at the interest rate for the applicable series of Debt Securities, to the extent permitted by applicable law. (*Section 301(26) of the 2017 Senior Indenture & Sections 105 and 301(4) of the Subordinated Indenture.*)

With respect to the Junior Subordinated Notes, during any Extension Period, we will not make distributions related to our capital stock, including dividends, redemptions, repurchases, liquidation payments, or guarantee payments. Also we will not make any payments, redeem or repurchase any debt securities of equal or junior rank to the Junior Subordinated Notes or make any guarantee payments on any such debt securities. We may, however, make the following types of distributions:

dividends paid in common stock;

dividends in connection with the implementation of a shareholder rights plan;

payments to a trust holding securities of the same series under a guarantee; or

repurchases, redemptions or other acquisitions of shares of our capital stock in connection with any employment contract, benefit plan or other similar arrangement with or for the benefit of employees, officers, directors or consultants. (*Section 105 of the Subordinated Indenture.*)

Payment and Transfer; Paying Agent

The paying agent will pay the principal of any Debt Securities only if those Debt Securities are surrendered to it. Unless we state otherwise in the applicable prospectus supplement or other offering materials, the paying agent will pay principal, interest and premium, if any, on Debt Securities, subject to such surrender, where applicable, at its office or, at our option:

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by wire transfer to an account at a banking institution in the United States that is designated in writing to the applicable trustee prior to the deadline set forth in the applicable prospectus supplement or other offering materials by the person entitled to that payment (which in the case of Book-Entry Debt Securities is the securities depository or its nominee); or

by check mailed to the address of the person entitled to that interest as that address appears in the security register for those Debt Securities. (*Sections 307 & 1001 of the 2017 Senior Indenture & Sections 305 & 1001 of the Subordinated Indenture.*)

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Neither we nor the applicable trustee will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in a Book-Entry Debt Security, or for maintaining, supervising or reviewing any records relating to the beneficial ownership interests. We expect that the securities depository, upon receipt of any payment of principal, interest or premium, if any, in a Book-Entry Debt Security, will credit immediately the accounts of the related participants with payment in amounts proportionate to their respective holdings in principal amount of beneficial interest in the Book-Entry Debt Security as shown on the records of the securities depository. We also expect that payments by participants to owners of beneficial interests in a Book-Entry Debt Security will be governed by standing customer instructions and customary practices, as is now the case with securities held for the accounts of customers in bearer form or registered in street name and will be the responsibility of the participants.

Unless we state otherwise in the applicable prospectus supplement or other offering materials, the applicable trustee will act as paying agent for the Debt Securities, and the principal corporate trust office of the applicable trustee will be the office through which the paying agent acts. We may, however, change or add paying agents or approve a change in the office through which a paying agent acts. (*Section 1002 of the 2017 Senior Indenture & Section 1002 of the Subordinated Indenture.*)

Any money that we have paid to a paying agent for principal or interest on any Debt Securities which remains unclaimed at the end of two years after that principal or interest has become due will be repaid to us at our request. After repayment to the Company, holders should look only to us for those payments. (*Section 1003 of the 2017 Senior Indenture & Section 1003 of the Subordinated Indenture.*)

Fully registered securities may be transferred or exchanged at the corporate trust office of the applicable trustee or at any other office or agency we maintain for those purposes, without the payment of any service charge except for any tax or governmental charge and related expenses. (*Section 305 of the 2017 Senior Indenture & Section 1002 of the Subordinated Indenture.*)

Global Securities

We may issue some or all of the Debt Securities as Book-Entry Debt Securities. Book-Entry Debt Securities will be represented by one or more fully registered global certificates. Book-Entry Debt Securities of like tenor and terms up to \$500,000,000 aggregate principal amount may be represented by a single global certificate. Each global certificate will be registered in the name of the securities depository or its nominee and deposited with the applicable trustee, as agent for the securities depository. Unless otherwise stated in any prospectus supplement or other offering materials, The Depository Trust Company will act as the securities depository. Unless it is exchanged in whole or in part for Debt Securities in definitive form, a global certificate may generally be transferred only as a whole unless it is being transferred to certain nominees of the security depository. (*Section 305 of the 2017 Senior Indenture & Section 203 of the*

Subordinated Indenture.)

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Beneficial interests in global certificates will be shown on, and transfers of global certificates will be effected only through, records maintained by the securities depository and its participants. If there are any additional or differing terms of the depository arrangement with respect to the Book-Entry Debt Securities, we will describe them in the applicable prospectus supplement or other offering materials.

Holders of beneficial interests in Book-Entry Debt Securities represented by a global certificate are referred to as beneficial owners. Beneficial owners will be limited to institutions having accounts with the securities depository or its nominee, which are called participants in this discussion, and to persons that hold beneficial interests through participants. When a global certificate representing Book-Entry Debt Securities is issued, the securities depository will credit on its book-entry, registration and transfer system the principal amounts of Book-Entry Debt Securities the global certificate represents to the accounts of its participants. Ownership of beneficial interests in a global certificate will be shown only on, and the transfer of those ownership interests will be effected only through, records maintained by:

the securities depository, with respect to participants' interests; and

any participant, with respect to interests the participant holds on behalf of other persons.

As long as the securities depository or its nominee is the registered holder of a global certificate representing Book-Entry Debt Securities, that person will be considered the sole owner and holder of the global certificate and the Book-Entry Debt Securities it represents for all purposes. Except in limited circumstances, beneficial owners:

may not have the global certificate or any Book-Entry Debt Securities it represents registered in their names;

may not receive or be entitled to receive physical delivery of certificated Book-Entry Debt Securities in exchange for the global certificate; and

will not be considered the owners or holders of the global certificate or any Book-Entry Debt Securities it represents for any purposes under the Debt Securities or the Subordinated Indenture or 2017 Senior Indenture, as applicable. (*Section 308 of the 2017 Senior Indenture & Section 202 of the Subordinated Indenture.*)

We will make all payments of principal, interest and premium, if any, on a Book-Entry Debt Security to the securities depository or its nominee as the holder of the global certificate. The laws of some jurisdictions require that certain purchasers of securities take physical delivery of securities in definitive form. These laws may impair the ability to transfer beneficial interests in a global certificate.

Payments participants make to beneficial owners holding interests through those participants will be the responsibility of those participants. The securities depository may from time to time adopt various policies and procedures governing payments, transfers, exchanges and other matters relating to beneficial interests in a global certificate. None of the following will have any responsibility or liability for any aspect of the securities depository's or any participant's records relating to beneficial interests in a global certificate representing

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Book-Entry Debt Securities, for payments made on account of those beneficial interests or for maintaining, supervising or reviewing any records relating to those beneficial interests:

the Company;

the applicable trustee; or

any agent of any of the above.

Covenants

Under the 2017 Senior Indenture and the Subordinated Indenture we will:

pay the principal, interest and premium, if any, on the Debt Securities when due;

maintain a place of payment;

deliver an officers certificate to the applicable trustee at the end of each fiscal year confirming our compliance with our obligations under the applicable Indenture;

preserve and keep in full force and effect our corporate existence except as provided in the Indentures; and

deposit sufficient funds with any paying agent on or before the due date for any principal, interest or premium, if any. (*Sections 1001, 1002, 1003, 1005 & 1006 of the 2017 Senior Indenture & Sections 1001, 1002, 1003 & 1006 of the Subordinated Indenture.*)

Consolidation, Merger or Sale

The 2017 Senior Indenture and Subordinated Indenture provide that we may not merge or consolidate with any other corporation or sell or convey all or substantially all of our assets to any person or, pursuant to the 2017 Senior Indenture, acquire all or substantially all of the assets of another person, unless (i) either we are the continuing corporation, or the successor corporation (if other than us) is a corporation organized and existing under the laws of the United States of America or a State thereof or the District of Columbia and such corporation expressly assumes the due and punctual payment of the principal of and interest and other amounts due on the Debt Securities, and the due and punctual performance and observance of all of the

covenants and conditions of the applicable Indenture to be performed by us by supplemental indenture in form satisfactory to the applicable trustee, executed and delivered to the applicable trustee by such corporation, and (ii) we or such successor corporation, as the case may be, will not, immediately after such merger or consolidation, or such sale or conveyance, be in default in the performance of any such covenant or condition.

In case of any such consolidation, merger or conveyance, such successor corporation will succeed to and be substituted for us, with the same effect as if it had been named as us in the applicable Indenture, and in the event of such conveyance, we will be discharged of all of our obligations and covenants under the applicable Indenture and the Debt Securities. (*Sections 801 & 802 of the 2017 Senior Indenture & Sections 801 & 802 of the Subordinated Indenture*)

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Events of Default

Event of Default when used in the 2017 Senior Indenture and Subordinated Indenture, will mean any of the following with respect to Debt Securities of any series:

failure to pay the principal or any premium on any Debt Security when due;

with respect to the Senior Debt Securities (2017), failure to deposit any sinking fund payment for that series when due that continues for 60 days;

failure to pay any interest on any Debt Securities of that series, when due, that continues for 60 days; provided that, if applicable, for this purpose, the date on which interest is due is the date on which we are required to make payment following any deferral of interest payments by us under the terms of the applicable series of Debt Securities that permit such deferrals;

failure to perform any other covenant in the applicable Indenture (other than a covenant expressly included solely for the benefit of other series) that continues for 90 days after the applicable trustee or the holders of at least 33% of the outstanding Debt Securities (25% in the case of the Junior Subordinated Notes) of that series give written notice of the default;

certain events in bankruptcy, insolvency or reorganization of the Company; or

any other Event of Default included in the applicable Indenture or any supplemental indenture.
(*Section 501 of the 2017 Senior Indenture & Section 501 of the Subordinated Indenture.*)

In the case of a general covenant default described above, the applicable trustee may extend the grace period. In addition, if holders of a particular series have given a notice of default, then holders of at least the same percentage of Debt Securities of that series, together with the applicable trustee, may also extend the grace period. The grace period will be automatically extended if we have initiated and are diligently pursuing corrective action.

An Event of Default for a particular series of Debt Securities does not necessarily constitute an Event of Default for any other series of Securities issued under the Indentures. Additional events of default may be established for a particular series and, if established, will be described in the applicable prospectus supplement or other offering materials.

If an Event of Default for any series of Debt Securities occurs and continues, the applicable trustee or the holders of at least 33% (25%, in the case of the Junior Subordinated Notes) in aggregate principal amount of the Debt Securities of the series may declare the entire principal of all the Debt Securities of that series to be due and payable immediately. If this happens, subject to certain conditions, the holders of a majority of the aggregate principal amount of the Debt Securities of that series can void the declaration. (*Section 502 of the 2017 Senior Indenture & Section 502 of the Subordinated Indenture.*)

The applicable trustee may withhold notice to the holders of Debt Securities of any default (except in the payment of principal or interest) if it considers the withholding of notice to be in the best interests of the holders. Other than its duties in case of a default, a trustee is not obligated to exercise any of its rights or powers under the applicable Indenture at the request, order or direction of any holders, unless the holders offer the applicable trustee

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reasonable indemnity. If they provide this reasonable indemnification, the holders of a majority in principal amount of any series of Debt Securities may direct the time, method and place of conducting any proceeding or any remedy available to the applicable trustee for any series of Debt Securities. However, the applicable trustee must give the holders of Debt Securities notice of any default to the extent provided by the Trust Indenture Act. (*Sections 512, 601 & 602 of the 2017 Senior Indenture & Sections 512, 602 & 603 of the Subordinated Indenture.*)

The holder of any Debt Security will have an absolute and unconditional right to receive payment of the principal, any premium and, within certain limitations, any interest on that Debt Security on its maturity date or redemption date and to enforce those payments. (*Section 508 of the 2017 Senior Indenture & Section 508 of the Subordinated Indenture.*)

Satisfaction; Discharge

We may discharge all our obligations (except those described below) to holders of the Debt Securities issued under the applicable Indenture, which Debt Securities have not already been delivered to the applicable trustee for cancellation and which either have become due and payable or are by their terms due and payable within one year, or are to be called for redemption within one year, by depositing with the applicable trustee an amount certified to be sufficient to pay when due the principal, interest and premium, if any, on all outstanding Debt Securities. However, certain of our obligations under the applicable Indenture will survive, including with respect to the following:

remaining rights to register the transfer, conversion, substitution or exchange of Debt Securities of the applicable series;

rights of holders to receive payments of principal of, and any interest on, the Debt Securities of the applicable series, and other rights, duties and obligations of the holders of Debt Securities with respect to any amounts deposited with the applicable trustee; and

the rights, obligations and immunities of the applicable trustee under the applicable Indenture. (*Section 401 of the 2017 Senior Indenture & Section 401 of the Subordinated Indenture.*)

Under U.S. federal income tax law as in effect as of the date of this prospectus, a discharge under these circumstances may be treated as an exchange of the related Debt Securities. Each holder might be required to recognize gain or loss equal to the difference between the holder's cost or other tax basis for the Debt Securities and the value of the holder's interest in the amounts deposited with the applicable trustee. Holders might be required to include as income a different amount than would be includable without the discharge. We urge prospective investors to consult their own tax advisors as to the consequences of a discharge, including the applicability and effect of tax laws other than U.S. federal income tax law.

Modification of Indentures; Waiver

Under the 2017 Senior Indenture and the Subordinated Indenture, our rights and obligations and the rights of the holders may be modified with the consent of the holders of a majority in aggregate principal amount of the outstanding Debt Securities of each series affected by the modification. No modification of the principal or interest payment terms, and no

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modification reducing the percentage required for modifications, is effective against any holder without its consent. (*Section 902 of the 2017 Senior Indenture & Section 902 of the Subordinated Indenture.*) In addition, we may supplement the 2017 Senior Indenture and the Subordinated Indenture to create new series of Debt Securities and for certain other purposes, without the consent of any holders of Debt Securities. (*Section 901 of the 2017 Senior Indenture & Section 902 of the Subordinated Indenture.*)

The holders of a majority of the outstanding Debt Securities of all series under the applicable Indenture with respect to which a default has occurred and is continuing may waive a default for all those series, except a default in the payment of principal or interest, or any premium, on any Debt Securities or a default with respect to a covenant or provision which cannot be amended or modified without the consent of the holder of each outstanding Debt Security of the series affected. (*Section 513 of the 2017 Senior Indenture & Section 513 of the Subordinated Indenture.*)

In addition, under certain circumstances, the holders of a majority of the outstanding Junior Subordinated Notes of any series may waive in advance, for that series, our compliance with certain restrictive provisions of the Subordinated Indenture under which those Junior Subordinated Notes were issued. (*Section 1008 of the Subordinated Indenture.*)

Concerning the Trustee

U.S. Bank National Association is expected to be the Trustee under the 2017 Senior Indenture if we enter into the 2017 Senior Indenture. We and certain of our affiliates maintain deposit accounts and banking relationships with U.S. Bank National Association. Affiliates of U.S. Bank National Association have purchased, and are likely to purchase in the future, our securities and securities of our affiliates.

As Trustee under the 2017 Senior Indenture, U.S. Bank National Association will perform only those duties that are specifically described in the 2017 Senior Indenture unless an event of default under the 2017 Senior Indenture occurs and is continuing. It is under no obligation to exercise any of its powers under the 2017 Senior Indenture at the request of any holder of Senior Debt Securities (2017) unless that holder offers reasonable indemnity to the Trustee against the costs, expenses and liabilities which it might incur as a result. (*Section 601 of the 2017 Senior Indenture.*)

The 2017 Senior Indenture permits us to name a different trustee for individual series of Senior Debt Securities (2017). If named, a series trustee performs the duties that would otherwise be performed by the Trustee under the 2017 Senior Indenture with respect to that series; the series trustee will have no greater liabilities or obligations and will be entitled to all the rights and exculpations with respect to such series that would otherwise be available to the Trustee under the 2017 Senior Indenture. If a series trustee is named,

information about any series trustee will be disclosed in the prospectus supplement and the Trustee under the 2017 Senior Indenture will have no responsibility with respect to that series.

U.S. Bank National Association administers its corporate trust business at 1021 East Cary Street, Suite 1850, Richmond, Virginia 23219 or such other address as it may notify to the Company from time to time.

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The Bank of New York Mellon, successor to JPMorgan Chase Bank, N.A. (formerly known as The Chase Manhattan Bank) is the Trustee under the Subordinated Indenture. We and certain of our affiliates maintain deposit accounts and banking relationships with The Bank of New York Mellon. The Bank of New York Mellon also serves as trustee under other indentures pursuant to which securities of certain of our affiliates are outstanding. The Bank of New York Mellon's affiliates have purchased, and are likely to purchase in the future, our securities and securities of our affiliates.

As Trustee under the Subordinated Indenture, The Bank of New York Mellon will perform only those duties that are specifically described in the Subordinated Indenture unless an event of default under the Subordinated Indenture occurs and is continuing. It is under no obligation to exercise any of its powers under the Subordinated Indenture at the request of any holder of Junior Subordinated Notes unless that holder offers reasonable indemnity to the Trustee against the costs, expenses and liabilities which it might incur as a result. *(Section 601 of the Subordinated Indenture.)*

The Bank of New York Mellon administers its corporate trust business at 101 Barclay Street, 7W Attn: Corporate Trust Administration, New York, New York 10286 or such other address as it may notify to the Company from time to time.

Additional Terms of Senior Debt Securities (2017)

Repayment at the Option of the Holder

We must repay the Senior Debt Securities (2017) at the option of the holders before the Stated Maturity Date only if specified in the applicable prospectus supplement or other offering materials. Unless otherwise provided in the prospectus supplement or other offering materials, the Senior Debt Securities (2017) subject to repayment at the option of the holder will be subject to repayment:

on the specified Repayment Dates; and

at a repayment price equal to 100% of the unpaid principal amount to be repaid, together with unpaid interest accrued to the Repayment Date. *(Section 1302 of the 2017 Senior Indenture)*

For any Senior Debt Security (2017) to be repaid, the Trustee must receive, at its office maintained for that purpose in Richmond, Virginia not more than 180 nor less than 60 calendar days before the date of repayment:

in the case of a certificated Senior Debt Security (2017), the certificated Senior Debt Security (2017) and the form in the Senior Debt Security (2017) entitled Option of Holder to Elect Purchase duly completed; or

in the case of a book-entry Senior Debt Security (2017), instructions to that effect from the beneficial owner to the securities depository and forwarded by the securities depository. Exercise of the repayment option by the Holder will be irrevocable. (*Sections 1303 & 1304 of the 2017 Senior Indenture.*)

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Only the securities depository may exercise the repayment option in respect of beneficial interests in the book-entry Senior Debt Securities (2017). Accordingly, beneficial owners that desire repayment in respect of all or any portion of their beneficial interests must instruct the participants through which they own their interests to direct the securities depository to exercise the repayment option on their behalf. All instructions given to participants from beneficial owners relating to the option to elect repayment will be irrevocable. In addition, at the time the instructions are given, each beneficial owner will cause the participant through which it owns its interest to transfer its interest in the book-entry Senior Debt Securities (2017) or the global certificate representing the related book-entry Senior Debt Securities (2017), on the securities depository's records, to the Trustee. See DESCRIPTION OF SECURITIES Description of the Senior Debt Securities (2017) and Junior Subordinated Notes Global Securities.

Defeasance

Unless we elect differently in the applicable supplemental indenture, we will be discharged from our obligations on the Senior Debt Securities (2017) of any series at any time if we deposit with the Trustee sufficient cash or government securities to pay the principal, interest, any premium and any other sums due to the stated maturity date or a redemption date of the Senior Debt Securities (2017) of the series. If this happens, the holders of the Senior Debt Securities (2017) of the series will not be entitled to the benefits of the 2017 Senior Indenture except for registration of transfer and exchange of Senior Debt Securities (2017) and replacement of lost, stolen or mutilated Senior Debt Securities (2017). (*Section 402 of the 2017 Senior Indenture.*)

Under federal income tax law as of the date of this prospectus, a discharge under these circumstances may be treated as an exchange of the related Senior Debt Securities (2017). Each holder might be required to recognize gain or loss equal to the difference between the holder's cost or other tax basis for the Senior Debt Securities (2017) and the value of the holder's interest in the defeasance trust. Holders might be required to include as income a different amount than would be includable without the discharge. We urge prospective investors to consult their own tax advisors as to the consequences of a discharge, including the applicability and effect of tax laws other than the federal income tax law.

Additional Terms of Junior Subordinated Notes

Subordination

Each series of Junior Subordinated Notes will be subordinate and junior in right of payment, to the extent set forth in the Subordinated Indenture, to all Senior Indebtedness as defined below. If:

we make a payment or distribution of any of our assets to creditors upon our dissolution, winding-up, liquidation or reorganization, whether in bankruptcy, insolvency or otherwise;

a default beyond any grace period has occurred and is continuing with respect to the payment of principal, interest or any other monetary amounts due and payable on any Senior Indebtedness; or

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the maturity of any Senior Indebtedness has been accelerated because of a default on that Senior Indebtedness,

then the holders of Senior Indebtedness generally will have the right to receive payment, in the case of the first instance, of all amounts due or to become due upon that Senior Indebtedness, and, in the case of the second and third instances, of all amounts due on that Senior Indebtedness, or we will make provision for those payments, before the holders of any Junior Subordinated Notes have the right to receive any payments of principal or interest on their Junior Subordinated Notes. (*Sections 1301 & 1303 of the Subordinated Indenture.*)

Senior Indebtedness means, with respect to any series of Junior Subordinated Notes, the principal, premium, interest and any other payment in respect of any of the following:

all of our indebtedness for borrowed or purchase money that is evidenced by notes, debentures, bonds or other written instruments;

our obligations for reimbursement under letters of credit, banker's acceptances, security purchase facilities or similar facilities issued for our account;

any of our other indebtedness or obligations with respect to commodity contracts, interest rate commodity and currency swap agreements and other similar agreements or arrangements; and

all indebtedness of others of the kinds described in the preceding categories which we have assumed or guaranteed.

Senior Indebtedness will not include our obligations to trade creditors or indebtedness to our subsidiaries. (*Section 101 of the Subordinated Indenture.*)

Senior Indebtedness will be entitled to the benefits of the subordination provisions in the Subordinated Indenture irrespective of the amendment, modification or waiver of any term of the Senior Indebtedness. We may not amend the Subordinated Indenture to change the subordination of any outstanding Junior Subordinated Notes without the consent of each holder of Senior Indebtedness that the amendment would adversely affect. (*Section 1308 of the Subordinated Indenture.*)

The Subordinated Indenture does not limit the amount of Senior Indebtedness that we may issue.

Description of the Senior Debt Securities (1998)

Provisions of a Particular Series

The Senior Debt Securities (1998) of a series need not be issued at the same time, bear interest at the same rate or mature on the same date. Unless otherwise provided in the terms of a series, a series may be reopened, without notice to or consent of any holder of outstanding Senior Debt Securities (1998), for issuances of additional Senior Debt Securities (1998) of that

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series. The prospectus supplement for a particular series of Senior Debt Securities (1998) will specify the terms of that series, including, if applicable, some or all of the following:

the title and type of the Senior Debt Securities (1998);

the total principal amount of the Senior Debt Securities (1998);

the portion of the principal payable upon acceleration of maturity, if other than the entire principal;

the date or dates on which principal is payable or the method for determining the date or dates, and any right that we have to change the date on which principal is payable;

the interest rate or rates, if any, or the method for determining the rate or rates, and the date or dates from which interest will accrue;

any interest payment dates and the regular record date for the interest payable on each interest payment date, if any;

any payments due if the maturity is accelerated;

any optional redemption terms or any repayment terms;

any provisions that would obligate us to repurchase or otherwise redeem the Senior Debt Securities (1998) or any sinking fund provisions;

the currency in which payments will be made if other than U.S. dollars, and the manner of determining the equivalent of those amounts in U.S. dollars;

if payments may be made, at our election or at the holder's election, in a currency other than that in which the Senior Debt Securities (1998) are stated to be payable, then the currency in which those payments may be made, the terms and conditions of the election and the manner of determining those amounts;

any index or formula used for determining principal, interest, or premium, if any;

the percentage of the principal amount at which the Senior Debt Securities (1998) will be issued, if other than 100% of the principal amount;

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whether the Senior Debt Securities (1998) are to be issued in fully registered certificated form or in book-entry form represented by certificates deposited with, or on behalf of, a securities depository and registered in the name of the depository's nominee (Book-Entry Senior Debt Securities (1998));

denominations, if other than \$1,000 each or multiples of \$1,000;

the identity of the series trustee, if other than the Trustee (*Sections 201 & 202 of the Nineteenth Supplemental and Amending Indenture to the 1998 Senior Indenture*);

any changes to events of defaults or covenants; and

any other terms of the Senior Debt Securities (1998). (*Sections 201 & 301 of the 1998 Senior Indenture.*)

The prospectus supplement will also indicate any special tax implications of the Senior Debt Securities (1998) and any provisions granting special rights to holders when a specified event occurs.

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Conversion or Redemption

No Senior Debt Security (1998) will be subject to conversion, amortization, or redemption, unless otherwise provided in the applicable prospectus supplement. Any provisions relating to the conversion or redemption of Senior Debt Securities (1998) will be set forth in the applicable prospectus supplement, including whether conversion is mandatory or at our option. If no redemption date or redemption price is indicated with respect to a Senior Debt Security (1998), we cannot redeem the Senior Debt Security (1998) before the Stated Maturity. Senior Debt Securities (1998) subject to redemption by us will be subject to the following terms:

redeemable on and after the applicable redemption dates;

redemption dates and redemption prices fixed at the time of sale and set forth on the Senior Debt Security (1998); and

redeemable in whole or in part (provided that any remaining principal amount of the Senior Debt Security (1998) will be equal to an authorized denomination) at our option at the applicable redemption price, together with interest, payable to the date of redemption, on notice given not more than 60 nor less than 30 days before the date of redemption. (*Section 1104 of the 1998 Senior Indenture.*)

We will not be required to:

issue, register the transfer of, or exchange any Senior Debt Security (1998) of a series during the period beginning 15 days before the date the notice is mailed identifying the Senior Debt Securities (1998) of that series that have been selected for redemption; or

register the transfer of, or exchange any Senior Debt Security (1998) of that series selected for redemption except the unredeemed portion of a Senior Debt Security (1998) being partially redeemed. (*Section 305 of the 1998 Senior Indenture.*)

Payment and Transfer; Paying Agent

The paying agent will pay the principal of any Senior Debt Securities (1998) only if those Senior Debt Securities (1998) are surrendered to it. Unless we state otherwise in the applicable prospectus supplement, the paying agent will pay principal, interest and premium, if any, on Senior Debt Securities (1998), subject to such surrender, where applicable, at its office or, at our option:

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by wire transfer to an account at a banking institution in the United States that is designated in writing to the Trustee before the deadline set forth in the applicable prospectus supplement by the person entitled to that payment (which in the case of Book-Entry Debt Securities (1998) is the securities depository or its nominee); or

by check mailed to the address of the person entitled to that interest as that address appears in the security register for those Senior Debt Securities (1998). (*Sections 307 & 1001 of the 1998 Senior Indenture.*)

Neither we nor the Trustee will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in a Book-

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Entry Senior Debt Security (1998), or for maintaining, supervising or reviewing any records relating to the beneficial ownership interests. We expect that the securities depository, upon receipt of any payment of principal, interest or premium, if any, in a Book-Entry Senior Debt Security (1998), will credit immediately the accounts of the related participants with payment in amounts proportionate to their respective holdings in principal amount of beneficial interest in the Book-Entry Senior Debt Security (1998) as shown on the records of the securities depository. We also expect that payments by participants to owners of beneficial interests in a Book-Entry Senior Debt Security (1998) will be governed by standing customer instructions and customary practices, as is now the case with securities held for the accounts of customers in bearer form or registered in street name and will be the responsibility of the participants.

Unless we state otherwise in the applicable prospectus supplement, the Trustee will act as paying agent for the Senior Debt Securities (1998), and the principal corporate trust office of the Trustee will be the office through which the paying agent acts. We may, however, change or add paying agents or approve a change in the office through which a paying agent acts. (*Section 1002 of the 1998 Senior Indenture.*)

Any money that we have paid to a paying agent for principal or interest on any Senior Debt Securities (1998) which remains unclaimed at the end of two years after that principal or interest has become due will be repaid to us at our request. After repayment to the Company, holders should look only to us for those payments. (*Section 1003 of the 1998 Senior Indenture.*)

Fully registered securities may be transferred or exchanged at the corporate trust office of the Trustee or at any other office or agency we maintain for those purposes, without the payment of any service charge except for any tax or governmental charge and related expenses. (*Section 1002 of the 1998 Senior Indenture.*)

Global Securities

We may issue some or all of the Senior Debt Securities (1998) as Book-Entry Senior Debt Securities (1998). Book-Entry Senior Debt Securities (1998) will be represented by one or more fully registered global certificates. Book-Entry Senior Debt Securities (1998) of like tenor and terms up to \$500,000,000 aggregate principal amount may be represented by a single global certificate. Each global certificate will be registered in the name of the securities depository or its nominee and deposited with the Trustee, as agent for the securities depository. Unless otherwise stated in any prospectus supplement, The Depository Trust Company will act as the securities depository. Unless it is exchanged in whole or in part for Senior Debt Securities (1998) in definitive form, a global certificate may generally be transferred only as a whole unless it is being transferred to certain nominees of the security depository. (*Section 305 of the 1998 Senior Indenture.*)

Beneficial interests in global certificates will be shown on, and transfers of global certificates will be

effected only through, records maintained by the securities depository and

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its participants. If there are any additional or differing terms of the depositary arrangement with respect to the Book-Entry Senior Debt Securities (1998), we will describe them in the applicable prospectus supplement or other offering materials.

Holders of beneficial interests in Book-Entry Senior Debt Securities (1998) represented by a global certificate are referred to as beneficial owners. Beneficial owners will be limited to institutions having accounts with the securities depositary or its nominee, which are called participants in this discussion, and to persons that hold beneficial interests through participants. When a global certificate representing Book-Entry Senior Debt Securities (1998) is issued, the securities depositary will credit on its book-entry, registration and transfer system the principal amounts of Book-Entry Senior Debt Securities (1998) the global certificate represents to the accounts of its participants. Ownership of beneficial interests in a global certificate will be shown only on, and the transfer of those ownership interests will be effected only through, records maintained by:

the securities depositary, with respect to participants' interests; and

any participant, with respect to interests the participant holds on behalf of other persons.

As long as the securities depositary or its nominee is the registered holder of a global certificate representing Book-Entry Senior Debt Securities (1998), that person will be considered the sole owner and holder of the global certificate and the Book-Entry Senior Debt Securities (1998) it represents for all purposes. Except in limited circumstances, beneficial owners:

may not have the global certificate or any Book-Entry Senior Debt Securities (1998) it represents registered in their names;

may not receive or be entitled to receive physical delivery of certificated Book-Entry Senior Debt Securities (1998) in exchange for the global certificate; and

will not be considered the owners or holders of the global certificate or any Book-Entry Senior Debt Securities (1998) it represents for any purposes under the Book-Entry Senior Debt Securities (1998) or the 1998 Senior Indenture. (*Section 305 of the 1998 Senior Indenture.*)

We will make all payments of principal, interest and premium, if any, on a Book-Entry Senior Debt Security (1998) to the securities depositary or its nominee as the holder of the global certificate. The laws of some jurisdictions require that certain purchasers of securities take physical delivery of securities in definitive form. These laws may impair the ability to transfer beneficial interests in a global certificate.

Payments participants make to beneficial owners holding interests through those participants will be the responsibility of those participants. The securities depository may from time to time adopt various policies and procedures governing payments, transfers, exchanges and other matters relating to beneficial interests in a global certificate. None of the following will have any responsibility or liability for any aspect of the securities depository's or any participant's records relating to beneficial interests in a global certificate representing

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Book-Entry Senior Debt Securities (1998), for payments made on account of those beneficial interests or for maintaining, supervising or reviewing any records relating to those beneficial interests:

the Company;

the Trustee; or

any agent of any of the above.

Covenants

Under the 1998 Senior Indenture we will:

pay the principal, interest and premium, if any, on the Senior Debt Securities (1998) when due;

maintain a place of payment;

deliver an officer's certificate to the Trustee at the end of each fiscal year confirming our compliance with our obligations under each of the Indentures;

preserve and keep in full force and effect our corporate existence except as provided in the Indentures; and

deposit sufficient funds with any paying agent on or before the due date for any principal, interest or premium, if any. (*Sections 1001, 1002, 1003, 1004 & 1005 of the 1998 Senior Indenture.*)

Consolidation, Merger or Sale

The 1998 Senior Indenture provides that we may consolidate or merge with or into, or sell all or substantially all our assets to, another Person, provided that any successor assumes our obligations under the 1998 Senior Indenture and the Senior Debt Securities (1998). We must also deliver an opinion of counsel to the Trustee affirming our compliance with all conditions in the 1998 Senior Indenture relating to the transaction. When the conditions are satisfied, the successor will succeed to and be substituted for us under the 1998 Senior Indenture and, in the case of a sale of all or substantially all our assets, we will be relieved of our obligations under the 1998 Senior Indenture and the Senior Debt Securities (1998). (*Sections 801 & 802 of the 1998 Senior Indenture.*)

Events of Default

Event of Default when used in the 1998 Senior Indenture, will mean any of the following with respect to Senior Debt Securities (1998) of any series:

failure to pay the principal or any premium on any Senior Debt Security (1998) when due;

failure to deposit any sinking fund payment for that series when due that continues for 60 days;

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failure to pay any interest on any Senior Debt Securities (1998) of that series, when due, that continues for 60 days;

failure to perform any other covenant in the 1998 Senior Indenture (other than a covenant expressly included solely for the benefit of other series) that continues for 90 days after the Trustee or the holders of at least 33% of the outstanding Senior Debt Securities (1998) of that series give us written notice of the default;

certain events in bankruptcy, insolvency or reorganization of the Company; or

any other Event of Default included in the 1998 Senior Indenture or any supplemental indenture. (*Section 501 of the 1998 Senior Indenture.*)

In the case of a general covenant default described above, the Trustee may extend the grace period. In addition, if holders of a particular series have given a notice of default, then holders of at least the same percentage of Senior Debt Securities (1998) of that series, together with the Trustee, may also extend the grace period. The grace period will be automatically extended if we have initiated and are diligently pursuing corrective action.

An Event of Default for a particular series of Senior Debt Securities (1998) does not necessarily constitute an Event of Default for any other series of Securities issued under the Indentures. Additional events of default may be established for a particular series and, if established, will be described in the applicable prospectus supplement.

If an Event of Default for any series of Senior Debt Securities (1998) occurs and continues, the Trustee or the holders of at least 33% in aggregate principal amount of the Senior Debt Securities (1998) of the series may declare the entire principal of all the Senior Debt Securities (1998) of that series to be due and payable immediately. If this happens, subject to certain conditions, the holders of a majority of the aggregate principal amount of the Senior Debt Securities (1998) of that series can void the declaration. (*Section 502 of the 1998 Senior Indenture.*)

The Trustee may withhold notice to the holders of Senior Debt Securities (1998) of any default (except in the payment of principal or interest) if it considers the withholding of notice to be in the best interests of the holders. Other than its duties in case of a default, the Trustee is not obligated to exercise any of its rights or powers under the 1998 Senior Indenture at the request, order or direction of any holders, unless the holders offer the Trustee reasonable indemnity. If they provide this reasonable indemnification, the holders of a majority in principal amount of any series of Senior Debt Securities (1998) may direct the time, method and place of conducting any proceeding or any remedy available to the Trustee, or exercising any power conferred upon the Trustee, for any series of Senior Debt Securities (1998). However, the Trustee must give the holders of Senior Debt Securities (1998) notice of any default to the extent provided by the Trust

Indenture Act. (*Sections 512, 601 & 602 of the 1998 Senior Indenture.*)

The holder of any Senior Debt Security (1998) will have an absolute and unconditional right to receive payment of the principal, any premium and, within certain limitations, any

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interest on that Senior Debt Security (1998) on its maturity date or redemption date and to enforce those payments. (*Section 508 of the 1998 Senior Indenture.*)

Satisfaction; Discharge

We may discharge all our obligations (except those described below) to holders of the Senior Debt Securities (1998) issued under the 1998 Senior Indenture, which Senior Debt Securities (1998) have not already been delivered to the Trustee for cancellation and which either have become due and payable or are by their terms due and payable within one year, or are to be called for redemption within one year, by depositing with the Trustee an amount certified to be sufficient to pay when due the principal, interest and premium, if any, on all outstanding Senior Debt Securities (1998). However, certain of our obligations under the 1998 Senior Indenture will survive, including with respect to the following:

remaining rights to register the transfer, conversion, substitution or exchange of Senior Debt Securities (1998) of the applicable series;

rights of holders to receive payments of principal of, and any interest on, the Senior Debt Securities (1998) of the applicable series, and other rights, duties and obligations of the holders of Senior Debt Securities (1998) with respect to any amounts deposited with the Trustee; and

the rights, obligations and immunities of the Trustee under the 1998 Senior Indenture. (*Section 401 of the 1998 Senior Indenture.*)

Under U.S. federal income tax law as in effect as of the date of this prospectus, a discharge under these circumstances may be treated as an exchange of the related Senior Debt Securities (1998). Each holder might be required to recognize gain or loss equal to the difference between the holder's cost or other tax basis for the Senior Debt Securities (1998) and the value of the holder's interest in the amounts deposited with the Trustee. Holders might be required to include as income a different amount than would be includable without the discharge. We urge prospective investors to consult their own tax advisors as to the consequences of a discharge, including the applicability and effect of tax laws other than U.S. federal income tax law.

Modification of Indentures; Waiver

Under the 1998 Senior Indenture our rights and obligations and the rights of the holders may be modified with the consent of the holders of a majority in aggregate principal amount of the outstanding Senior Debt Securities (1998) of each series affected by the modification. No modification of the principal or interest

payment terms, and no modification reducing the percentage required for modifications, is effective against any holder without its consent. (*Section 902 of the 1998 Senior Indenture.*) In addition, we may supplement the 1998 Senior Indenture to create new series of Senior Debt Securities (1998) and for certain other purposes, without the consent of any holders of Senior Debt Securities (1998). (*Section 901 of the 1998 Senior Indenture.*)

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The holders of a majority of the outstanding Senior Debt Securities (1998) of all series under the 1998 Senior Indenture with respect to which a default has occurred and is continuing may waive a default for all those series, except a default in the payment of principal or interest, or any premium, on any Senior Debt Securities (1998) or a default with respect to a covenant or provision which cannot be amended or modified without the consent of the holder of each outstanding Senior Debt Security (1998) of the series affected. *(Section 513 of the 1998 Senior Indenture.)*

Concerning the Trustee

The Bank of New York Mellon, successor to JPMorgan Chase Bank, N.A. (formerly known as The Chase Manhattan Bank) is the Trustee under the 1998 Senior Indenture. We and certain of our affiliates maintain deposit accounts and banking relationships with The Bank of New York Mellon. The Bank of New York Mellon also serves as trustee under other indentures under which we and certain of our affiliates have issued securities. The Bank of New York Mellon's affiliates have purchased, and are likely to purchase in the future, our securities and securities of our affiliates.

The Trustee will perform only those duties that are specifically described in the 1998 Senior Indenture unless an event of default occurs and is continuing. The Trustee is under no obligation to exercise any of its powers under the 1998 Senior Indenture at the request of any holder of Senior Debt Securities (1998) unless that holder offers reasonable indemnity to the Trustee against the costs, expenses and liabilities which it might incur as a result. *(Section 601 of the 1998 Senior Indenture.)*

The 1998 Senior Indenture permits us to name a different trustee for individual series of Senior Debt Securities (1998). If named, a series trustee performs the duties that would otherwise be performed by the Trustee under the 1998 Senior Indenture with respect to that series. In these circumstances, information about any series trustee will be disclosed in the prospectus supplement and the Trustee under the 1998 Senior Indenture will have no responsibility with respect to that series.

Any such series trustee under the 1998 Senior Indenture will perform only those duties that are specifically described in the 1998 Senior Indenture unless an event of default under the 1998 Senior Indenture occurs and is continuing. Any such series trustee is under no obligation to exercise any of its powers under the 1998 Senior Indenture at the request of any holder of Senior Debt Securities (1998) unless that holder offers reasonable indemnity to such series trustee against the costs, expenses and liabilities which it might incur as a result. *(Sections 601 and 611 of the 1998 Senior Indenture.)*

The Trustee administers its corporate trust business at 101 Barclay Street, 7W Attn: Corporate Trust Administration, New York, New York 10286. or such other address as it may notify to the Company from

time to time.

Repayment at the Option of the Holder

We must repay the Senior Debt Securities (1998) at the option of the Holders before the Stated Maturity Date only if specified in the applicable prospectus supplement or other

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offering materials. Unless otherwise provided in the prospectus supplement or other offering materials, the Senior Debt Securities (1998) subject to repayment at the option of the Holder will be subject to repayment:

on the specified Repayment Dates; and

at a repayment price equal to 100% of the unpaid principal amount to be repaid, together with unpaid interest accrued to the Repayment Date.

For any Senior Debt Security (1998) to be repaid, the Trustee must receive, at its office maintained for that purpose in the Borough of Manhattan, New York City not more than 60 nor less than 30 calendar days before the date of repayment:

in the case of a certificated Senior Debt Security (1998), the certificated Senior Debt Security (1998) and the form in the Senior Debt Security (1998) entitled Option of Holder to Elect Purchase duly completed; or

in the case of a Book-Entry Senior Debt Security (1998), instructions to that effect from the beneficial owner to the securities depository and forwarded by the securities depository. Exercise of the repayment option by the Holder will be irrevocable. (*Sections 1103 & 1104 of the 1998 Senior Indenture.*)

Only the securities depository may exercise the repayment option in respect of beneficial interests in the book-entry Senior Debt Securities (1998). Accordingly, beneficial owners that desire repayment in respect of all or any portion of their beneficial interests must instruct the participants through which they own their interests to direct the securities depository to exercise the repayment option on their behalf. All instructions given to participants from beneficial owners relating to the option to elect repayment will be irrevocable. In addition, at the time the instructions are given, each beneficial owner will cause the participant through which it owns its interest to transfer its interest in the Book-Entry Senior Debt Securities (1998) or the global certificate representing the related Book-Entry Senior Debt Securities (1998), on the securities depository's records, to the Trustee. See DESCRIPTION OF SECURITIES Description of Senior Debt Securities (1998) Global Securities.

Defeasance

We will be discharged from our obligations on the Senior Debt Securities (1998) of any series at any time if we deposit with the Trustee sufficient cash or government securities to pay the principal, interest, any premium and any other sums due to the stated maturity date or a redemption date of the Senior Debt Securities (1998) of the series. If this happens, the holders of the Senior Debt Securities (1998) of the series will not be entitled to the benefits of the 1998 Senior Indenture except for registration of transfer and

exchange of Senior Debt Securities (1998) and replacement of lost, stolen or mutilated Senior Debt Securities (1998). (*Sections 1302 & 1304 of the 1998 Senior Indenture.*)

Under federal income tax law as of the date of this prospectus, a discharge under these circumstances may be treated as an exchange of the related Senior Debt Securities (1998). Each holder might be required to recognize gain or loss equal to the difference between the

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holder's cost or other tax basis for the Senior Debt Securities (1998) and the value of the holder's interest in the defeasance trust. Holders might be required to include as income a different amount than would be includable without the discharge. We urge prospective investors to consult their own tax advisors as to the consequences of a discharge, including the applicability and effect of tax laws other than the federal income tax law.

PLAN OF DISTRIBUTION

We may sell the securities being offered hereby in any one or more of the following ways:

directly to purchasers;

through agents;

to or through underwriters; or

through dealers.

We may distribute the securities from time to time in one or more transactions at:

a fixed price or prices, which may be changed;

market prices prevailing at the time of sale;

prices related to prevailing market prices; or

negotiated prices.

We may directly solicit offers to purchase securities, or we may designate agents to solicit such offers. We will, in the prospectus supplement or other offering materials relating to such offering, name any agent that could be viewed as an underwriter under the Securities Act of 1933, as amended (the Securities Act), and describe any commissions we must pay. Any such agent will be acting on a best efforts basis for the period of its appointment or, if indicated in the applicable prospectus supplement or other offering materials, on a firm commitment basis. Agents, dealers and underwriters may be customers of, engage in transactions with, or perform services for us in the ordinary course of business.

If any underwriters or agents are utilized in the sale of the securities in respect of which this prospectus is delivered, we will enter into an underwriting agreement or other agreement with them at the time of sale to them, and we will set forth in the prospectus supplement or other offering materials relating to such offering their names and the terms of our agreement with them.

If a dealer is utilized in the sale of the securities in respect of which this prospectus is delivered, we will sell such securities to the dealer, as principal. The dealer may then resell such securities to the public at varying prices to be determined by such dealer at the time of resale.

The securities may also be offered and sold, if so indicated in the applicable prospectus supplement or other offering materials, in connection with a remarketing upon their purchase, in accordance with a redemption or repayment pursuant to their terms, or otherwise, by one or more remarketing firms, acting as principals for their own accounts or as agents for us. Any

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remarketing firm will be identified and the terms of its agreement, if any, with us and its compensation will be described in the applicable prospectus supplement or other offering materials.

Remarketing firms, agents, underwriters and dealers may be entitled under agreements which they may enter into with us to indemnification by us against certain civil liabilities, including liabilities under the Securities Act, and may be customers of, engage in transactions with or perform services for us in the ordinary course of business.

In order to facilitate the offering of the securities, any underwriters may engage in transactions that stabilize, maintain or otherwise affect the price of the securities or any other securities the prices of which may be used to determine payments on such securities. Specifically, any underwriters may over-allot in connection with the offering, creating a short position for their own accounts. In addition, to cover over-allotments or to stabilize the price of the securities or of any such other securities, the underwriters may bid for, and purchase, the securities or any such other securities in the open market. Finally, in any offering of the securities through a syndicate of underwriters, the underwriting syndicate may reclaim selling concessions allowed to an underwriter or a dealer for distributing the securities in the offering if the syndicate repurchases previously distributed securities in transactions to cover syndicate short positions, in stabilization transactions or otherwise. Any of these activities may stabilize or maintain the market price of the securities above independent market levels. Any such underwriters are not required to engage in these activities and may end any of these activities at any time.

We may enter into derivative transactions with third parties, or sell securities not covered by this prospectus to third parties in privately negotiated transactions. If the applicable prospectus supplement or other offering materials indicates, in connection with those derivatives, the third parties may sell securities covered by this prospectus and the applicable prospectus supplement or other offering materials, including in short sale transactions. If so, the third parties may use securities pledged by us or borrowed from us or others to settle those sales or to close out any related open borrowings of securities, and may use securities received from us in settlement of those derivatives to close out any related open borrowings of securities. The third parties in such sale transactions will be underwriters and, if not identified in this prospectus, will be identified in the applicable prospectus supplement or other offering materials (or a post-effective amendment).

We or one of our affiliates may loan or pledge securities to a financial institution or other third party that in turn may sell the securities using this prospectus. Such financial institution or third party may transfer its short position to investors in our securities or in connection with a simultaneous offering of other securities offered by this prospectus or otherwise.

Any underwriter, agent or dealer utilized in the initial offering of securities will not confirm sales to accounts over which it exercises discretionary authority without the prior specific written approval of its customer.

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LEGAL MATTERS

The legality of the securities in respect of which this prospectus is being delivered will be passed on for us by McGuireWoods LLP. Underwriters, dealers or agents, if any, who we will identify in a prospectus supplement or other offering materials, may have their counsel pass upon certain legal matters in connection with the securities offered by this prospectus.

EXPERTS

The consolidated financial statements incorporated in this Prospectus by reference from the Company's Annual Report on Form 10-K have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report, which is incorporated herein by reference. Such consolidated financial statements have been so incorporated in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

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VIRGINIA ELECTRIC AND POWER COMPANY