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October 29, 2004

NATIONAL ENERGY & GAS TRANSMISSION EMERGES FROM BANKRUPTCY

Company's Creditors Are New Equity Holders

BETHESDA, Md. – National Energy & Gas Transmission, Inc. (NEGT) today announced that its Chapter 11 plan of reorganization has become effective and it has emerged from bankruptcy protection. In the past several months, the company has announced the separate sales of each of its major operating business units and expects to cease operations during 2005.

Pursuant to the plan, NEGТ will issue 100 percent of its equity and \$1 billion in notes to its unsecured creditors – a diversified group of banks and other financial institutions. Under NEGТ's confirmed plan, all existing common stock has been cancelled. As a result, PG&E Corporation, which previously owned approximately 97 percent of NEGТ's common stock, is no longer its parent corporation.

"NEGТ's emergence from bankruptcy and the high values we expect to realize from the sales of our operating assets are a testament to the orderly negotiations among our creditor groups and the diligence and focus of our workforce," said Joseph Bondi, NEGТ's chief executive and chief restructuring officer. "Throughout our bankruptcy, NEGТ has remained focused on day-to-day operations, allowing us to maximize on the value of the company's strong performing assets."

As previously announced, the Board of Directors of the reorganized NEGТ is comprised of Bondi, Sanford L. Hartman, NEGТ's vice president and general counsel, William E. Redmond, Jr. (chair), Steve P. Chwiecko, James G. Ivey, Barry P. Simon and Randolph I. Thornton.

Sales announced by NEGТ include:

- In May, the bankruptcy court approved the sale of NEGТ's subsidiary Gas Transmission Northwest Corporation to TransCanada Corporation for \$1.7 billion, which includes \$500 million of assumed debt. The sale is expected to be completed in the coming days.
- In September, the bankruptcy court approved the sale of NEGТ's equity interests in 12 power plants and a natural gas pipeline for \$656 million, subject to certain post-closing adjustments. The purchaser is GS Power Holdings II LLC, a wholly-owned subsidiary of The Goldman Sachs Group, Inc. The sale is expected to close during the first quarter of 2005.

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Add One

The Chapter 11 cases of certain of NEGТ's other subsidiaries - NEGТ Energy Trading Holdings Corporation, NEGТ Energy Trading - Gas Corporation, NEGТ ET Investments Corporation, NEGТ Energy Trading - Power, L.P., Energy Services Venture, Inc. and Quantum Ventures - are ongoing and these entities are in the process of winding down operations.

NEGТ's USGen New England, Inc. subsidiary remains in a separately administered bankruptcy and the sale of its fossil and hydroelectric generation assets were announced last month. In both cases, it is expected that court-sanctioned auctions will take place where USGen New England will seek offers that are higher or otherwise better than those negotiated.

- Dominion has agreed to acquire USGen New England's two coal/oil-fired electric generating facilities and a natural gas-fired plant for approximately \$656 million. The agreement provides for the purchase of inventory and the reimbursement of certain capital expenditures incurred prior to closing, which is expected during the first quarter of 2005. The auction is scheduled for Nov. 15 and the bankruptcy court hearing to approve the sale to the successful auction bidder is slated for Nov. 18.
- An affiliate of TransCanada Corporation has agreed to purchase USGen New England's hydroelectric generation assets for \$505 million. The auction is scheduled for Dec. 9 and the bankruptcy court hearing to approve the sale to the successful auction bidder is slated for Dec. 15.

Headquartered in Bethesda, Md., NEGТ filed for bankruptcy protection in the United States Bankruptcy Court, District of Maryland, Greenbelt Division, on July 8, 2003.

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