

NATIONAL ENERGY & GAS TRANSMISSION, INC.
7600 Wisconsin Avenue
Bethesda, Maryland 20814

SUMMARY OF ISSUANCES
OF PLAN SECURITIES, NOTE
REDEMPTIONS AND CASH DISTRIBUTIONS

Pursuant to Modified
Third Amended Plan of Reorganization

As of March 24, 2005

In accordance with the confirmed Modified Third Amended Plan of Reorganization for National Energy & Gas Transmission, Inc. (“NEGT”) (Case No. 03-30459), dated April 28, 2004, (the “Plan”),¹ the New Tranche A Notes and New Tranche B Notes (collectively, the “Notes”) were issued on November 30, 2004 in the principal amount of \$500,000,000 each. Of the amounts so issued, approximately \$355 million, or 71% (of the total for each Tranche), was issued to holders of Allowed Class 3 Claims entitled thereto, and the balance of approximately \$145 million, or 29% (of the total for each Tranche), was held in custody for the benefit of holders of Disputed Class 3 Claims. On December 13, 2004, the Notes were redeemed in full, together with accrued interest, by NEGТ (the proceeds from such redemption of the Notes being referred to herein as the “Redemption Proceeds”). Concurrently with the issuance of the Notes, approximately 19,305,000 shares of New Common Stock were issued to holders of Allowed Class 3 Claims entitled thereto, and additional shares (representing approximately 29% of the 27,000,000 shares authorized for issuance pursuant to the Plan) were reserved for the benefit of holders of Disputed Class 3 Claims.

On December 14, 2004, NEGТ gave notice in accordance with the Plan that it would make a Cash Distribution on or about December 30, 2004, in an amount not less than \$20,000,000, to holders of Allowed Class 3 Claims entitled to such Distribution. NEGТ made such Cash Distribution on that date in the amount of \$130,000,000 (the “December Cash”) (inclusive of the \$20,000,000), of which approximately \$92.3 million, or 71%, was distributed to holders of Allowed Class 3 Claims entitled thereto, and the balance of approximately \$37.7 million, or 29%, was held in a reserve account for the benefit of holders of Disputed Class 3 Claims.

On January 26, 2005, NEGТ gave notice in accordance with the Plan that on or about February 17, 2005 it would, principally as a result of the disallowance of certain Disputed

¹ Capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the Plan.

Class 3 Claims totaling approximately \$250 million, distribute (i) approximately \$5.8 million in December Cash, previously held in a reserve account, (ii) approximately \$21.8 million (for each Tranche of the Notes) in Cash, previously held in custody accounts, representing Redemption Proceeds and (iii) approximately 1.2 million shares of New Common Stock, in each case to holders of Allowed Class 3 Claims entitled to such distributions in accordance with the provisions of the Plan (the “February 2005 Distribution”). After the February 2005 Distribution, an aggregate of approximately 76% of (i) the 27,000,000 authorized shares of New Common Stock, (ii) the Redemption Proceeds and (iii) the December Cash had been distributed to holders of Allowed Class 3 Claims. A balance of approximately 24% of each of the foregoing continued to be held in reserve or custody accounts for the benefit of holders of Disputed Class 3 Claims. After adjustment for the disallowance of certain Disputed Class 3 Claims (as described above), total claims were approximately \$4.6 billion, of which at least \$1.1 billion remained in dispute.

On March 10, 2005, NEGT gave notice in accordance with the Plan that it would, subject to the approval of its Board of Directors, make a Cash Distribution on or about March 29, 2005 to holders of Allowed Class 3 Claims entitled thereto (the “March 2005 Cash Distribution”). On March 23, 2005, the Board of Directors authorized a Cash Distribution in the amount of \$410 million (the “March Cash”). After the March 2005 Cash Distribution, an aggregate of approximately 76% of the March Cash will have been distributed to holders of Allowed Class 3 Claims, while a balance of approximately 24% of the March Cash will continue to be held in a reserve account for the benefit of holders of Disputed Class 3 Claims.

The following chart summarizes the Cash Distributions and payments of Redemption Proceeds to date:

	Distribution Date				Total
	December 13, 2004 ²	December 30, 2004	February 17, 2005 ³	March 29, 2005 ⁴	
Holders of Allowed Class 3 Claims	\$721,022,293	\$92,136,041	\$49,510,599	\$310,865,076	\$1,173,534,009
Reserve Accounts	287,533,263	37,863,959	(49,510,599)	99,134,924	375,021,546
Total	\$1,008,555,556	\$130,000,000	\$ -	\$410,000,000	\$1,548,555,556

² Amounts represent Redemption Proceeds.

³ Amounts represent both Redemption Proceeds and Cash.

⁴ March 2005 Cash Distribution is scheduled to occur on or about March 29, 2005.